

NATION'S BUSINESS

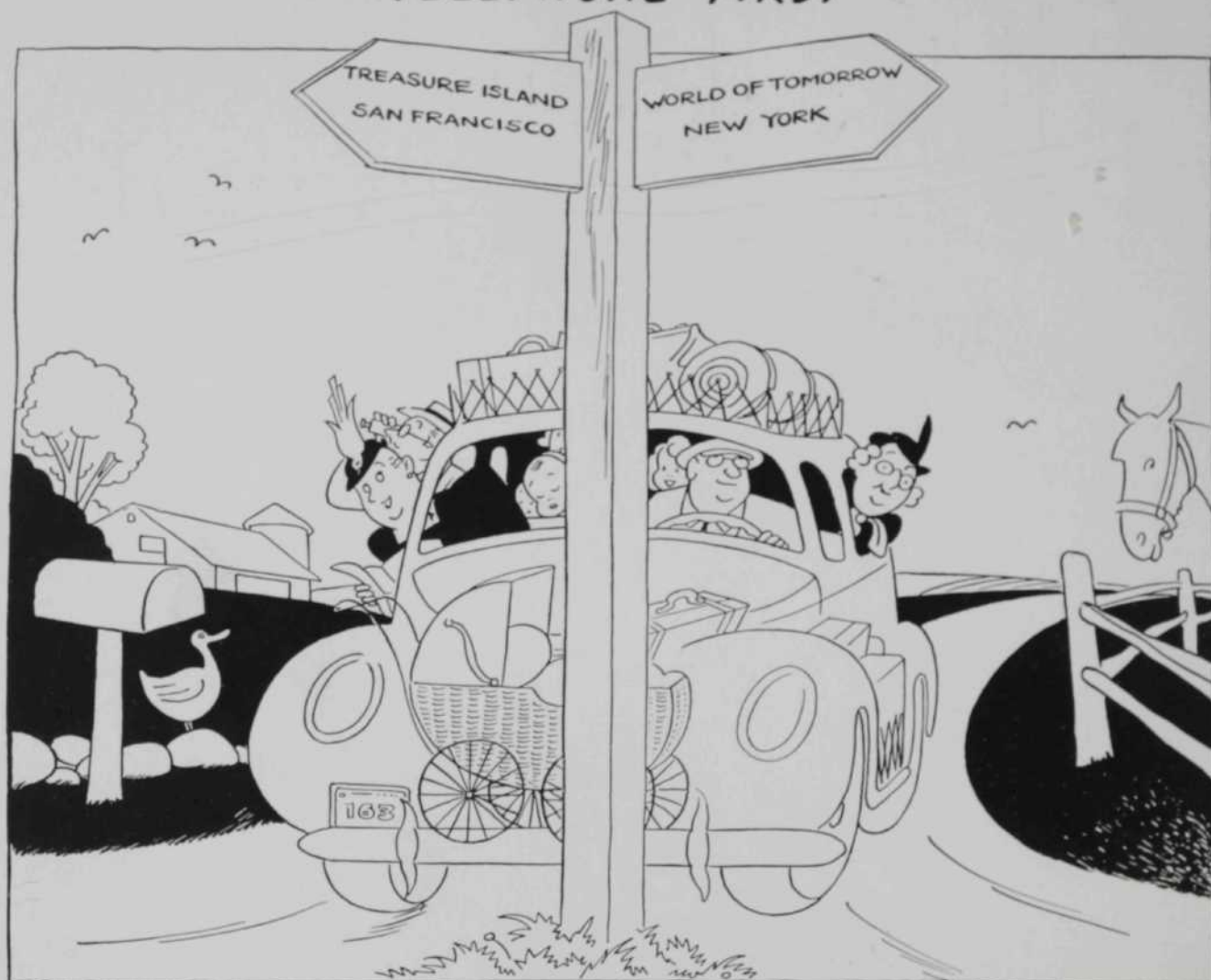


JUNE
1939

A 32-Page Supplement, "The Key to Recovery" • Economy Begins Back Home • Toward a Better Understanding in Industry

EITHER WAY

TELEPHONE FIRST



LONG DISTANCE WILL MAKE YOUR TRIP MORE PLEASANT

WHAT if Mother did forget to turn off the water heater? A Long Distance call to neighbors will take care of *that*!

Maybe that deal of yours *will* come up while you're away. An occasional call to the office will keep you posted.

When Aunt Minnie suggests a side-trip to see those nice folks she met last year at Ragweed Manor, telephone *first* — make sure they're home.



If Sally gets homesick for her boy friend, let her try Long Distance. Fact is, the whole family will be glad to have some home-town news now and then.

Above all, as you travel, telephone ahead for hotel reservations. It's no fun hunting for rooms in a strange town when you're tired and hungry.

In dozens of different ways, Long Distance telephone service can contribute pleasure and peace-of-mind to your vacation—inexpensively. For rates to out-of-town points, consult your telephone directory or ask the operator.

THE BELL SYSTEM CORDIALLY INVITES YOU TO VISIT ITS EXHIBITS AT THE NEW YORK WORLD'S FAIR AND THE GOLDEN GATE INTERNATIONAL EXPOSITION, SAN FRANCISCO

Get the Thrill of Full Power

PLUS
OUTSTANDING
ECONOMY!



STANDARD on "De Luxe" models
—Perfect Remote Control Shifting with Auto-Mesh Transmission.

Of the three leading low-priced cars, Plymouth is roomiest, biggest... 5 inches longer than one; 6 inches longer than the other!

It's the only low-priced car with the matchless ride of coil springs as standard equipment on all models.

Plymouth alone of "All Three" low-priced cars has a steering-post gear shift as standard on De Luxe models at no extra cost.

All Plymouth models have the big, 6-cylinder "L-head" engine for full power plus great economy.



PLYMOUTH GIVES YOU time-proven Hydraulic Brakes, Floating Power engine mountings, a completely rust-proofed Safety-Steel Body!

NO NEED to sacrifice power for economy! Plymouth gives you *both*—full-powered performance and remarkable economy!

What's more, Plymouth is *biggest* of "All 3" low-priced cars. Amola Steel coil springs give it the smoothest, softest ride! And,

thanks to time-proven hydraulic brakes and True-Steady steering, it's a safer car—easier to handle!

And, remember, your present car will probably represent a large part of Plymouth's low delivered price...balance in surprisingly low monthly instalments.

COUPES START AT \$645 **SEDANS** START AT \$685

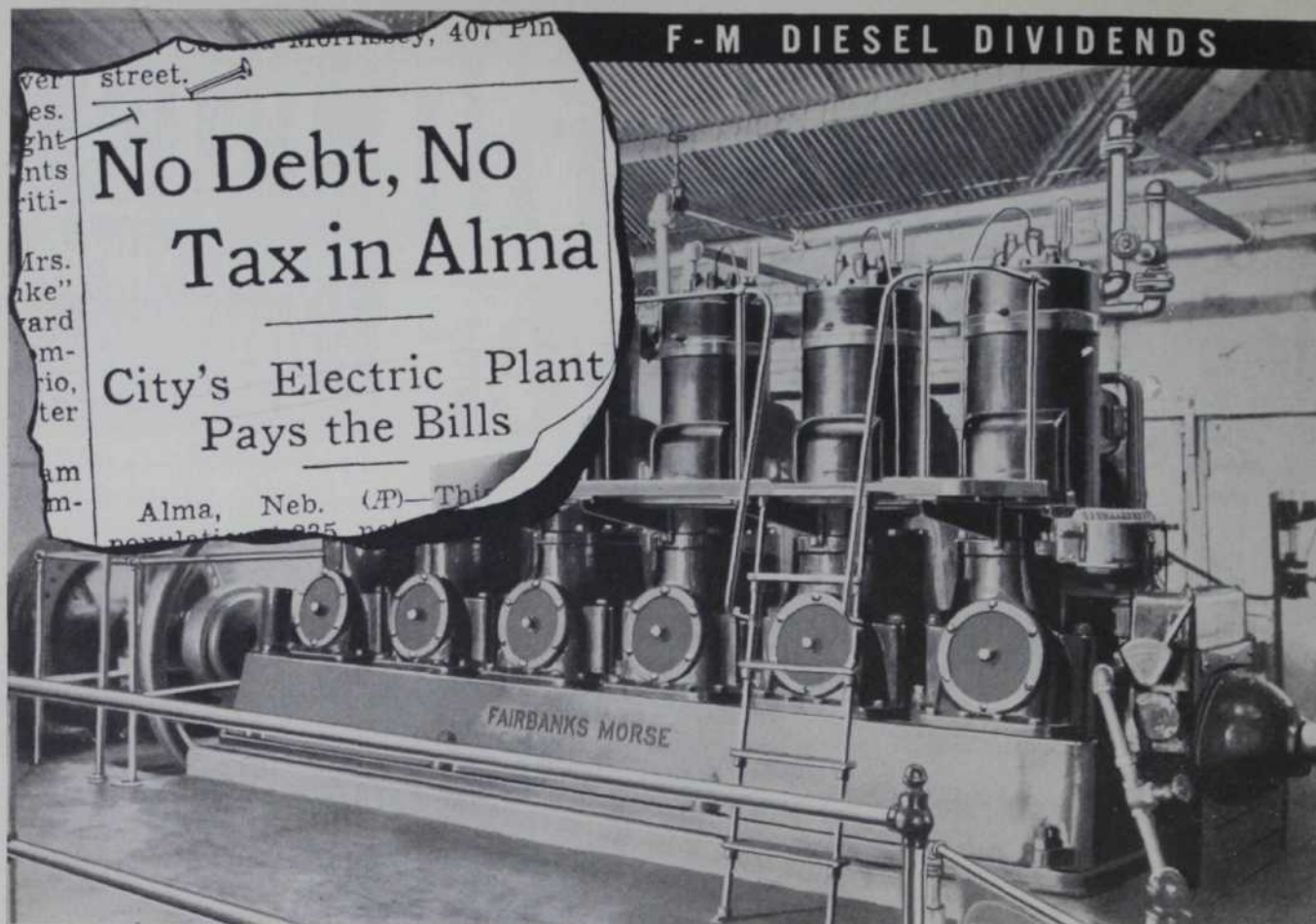
—DELIVERED IN DETROIT, including front and rear bumpers, bumper guards, spare wheel, tire and tube, foot control for headlight beam with indicator on instrument panel, ash-tray in front and rear, sun visor, safety glass and big trunk space (19.3 cu. ft.). Plymouth prices include all federal taxes. Transportation and state, local taxes, if any, not included. PLYMOUTH DIVISION OF CHRYSLER CORPORATION, Detroit, Michigan.

MAJOR BOWES' Amateur Hour, C.B.S. Network, Thursdays, 9 to 10 P. M., E. D. S. T.

PLYMOUTH BUILDS GREAT CARS

THE "ROADKING"
THE "DE LUXE"





Fairbanks-Morse Diesel-driven Light Plant Provides Many Municipal Improvements

There hasn't been a tax levy in Alma, Neb. since 1931! Earnings of the city's municipally owned light plant—powered by Fairbanks-Morse Diesel generating units—have entirely lifted the tax burden . . . have also paid for a \$24,000 addition to the city water plant, an \$11,000 street lighting system, and a city park and wading pool. The plant's steady income supports the city library, pays the salary of a summer band leader, provides free lighting of the city auditorium and ball park.

When this progressive municipality installed its own light plant in 1921, a Fairbanks-Morse Diesel was selected for its simplicity of operation and overall economy. Since that time, increased demand for low-cost municipal power has necessitated the purchase of three additional F-M Diesels. The first F-M

Diesel—purchased 18 years ago—is still giving reliable, economical service.

The average tax rate of the 503 towns which get their light and power from F-M Diesel-driven generating plants is *lower* than that of neighboring communities of comparable size. Electric rates, too, average considerably *less*! Fairbanks-Morse engineers will gladly show your community how municipally owned F-M Diesel-driven light plants "declare dividends" . . . pay for themselves in comparatively short time. Write Fairbanks, Morse & Co., Dept. 120, 600 S. Michigan Ave., Chicago, Ill. Branches and service stations throughout the United States and Canada.

**LIVE IN
COMFORTOWN**
with economical
Fairbanks-Morse
Automatic Coal
Burner heat



7614-DA40, 1939

FAIRBANKS MORSE Diesels

DIESEL ENGINES
PUMPS
ELECTRICAL MACHINERY
FAIRBANKS SCALES
RAILROAD EQUIPMENT

WATER SYSTEMS
WASHERS-IRONERS
FARM EQUIPMENT
STOKERS
AIR CONDITIONERS



THIS TRUCK HAS TRAVELED MORE THAN
500,000 MILES

1934 FORD V-8 TRUCKS
 HAVE MORE IN LESS TIME AS LISTED LIST
 ACCORDING TO OWNERS' RECORDS

NOW 626,000 MILES . . .
AND STILL GOING STRONG

Last year the attention of the Ford Motor Company was called to a 1934 Ford V-8 Truck that had traveled more than 500,000 miles. Dramatic as this performance seemed, Petroleum Carrier Corporation, the owners, advise that this same unit has now rolled up a total of more than 626,000 miles.

They report that the total operating cost of this Ford V-8, hauling a 3000-gallon gasoline tank, is \$.05719 per mile, which represents fuel consumption, repairs, replacements and all similar items. This is from 1½ cents to 3 cents per mile less than other makes of units in their fleet. They state that the total cost of replacements, including factory-

reconditioned engines, has been only \$.004 per mile.

Here is owner's evidence of Ford economy. It is one of many examples of the rugged dependability and dollar-saving performance of the Ford V-8 Truck. 1939 Ford V-8 Trucks are already turning in records of outstanding economy . . . demonstrating that the Ford Truck is built to do more work, in less time, at lower cost.

See your Ford dealer today. Examine the Ford Truck and compare it, feature by feature, with other units. Arrange for an actual "on-the-job" test. Know the Ford Truck before you spend another truck dollar.

1939 FORD V-8 TRUCKS

Ford Motor Company, builders of Ford V-8 and Mercury Cars, Ford Trucks, Commercial Cars, Station Wagons and Transit Buses



Standing beside the lifeguard is a Fire Prevention Engineer. His job is to prevent fire, to save life and property. No one knows how many hundreds... perhaps thousands... of lives he helps to save, how much suffering his expert knowledge prevents.

A Nation-Wide Service

Do you know that there is a nation-wide force of these Fire Prevention experts working constantly for your protection, to make your life and property safer? One of their jobs is to help local authorities make their communities safer against the fearsome threat of conflagrations, with their attendant great loss of life and property. In co-operation with local officials, these experts study the water supply (its sources,

reservoirs, flow pressure, size of water mains, position of hydrants, etc.), test fire alarm systems, engines and fire-fighting equipment, ferret out existing fire dangers in business and manufacturing sections and in hazardous industries.

Hundreds of Communities Benefited
Forward-looking civic authorities in hundreds of communities thus have been helped to provide greater safety

for the lives and property of their citizens. This service is given without charge to all communities by the 200 capital stock* fire insurance companies forming The National Board of Fire Underwriters.

Helping to guard against conflagrations is only one of many things these capital stock fire insurance companies are constantly doing to safeguard you and your family against fire.

*CAPITAL STOCK COMPANY FIRE INSURANCE



provides sound protection at a predetermined price, without risk of further cost. In addition to legal reserves, its policies are backed by cash capital and surplus funds set aside to meet not merely normal claims but also the sweeping losses due to conflagrations and other catastrophes. Its organized public services are national in scope. Its system of operating through Agents everywhere gives prompt personal service to policyholders

Shake Hands with Our Contributors

ALMOST everybody professes to be for economy in public expenditures. But most people want the economies applied to some activity that does not affect their own interests. Congressmen who are conscientiously striving to curb the nation's spending spree receive hundreds of letters demanding that they "cut down on expenses, balance the budget, but—give us more appropriations." **NATION'S BUSINESS** asked a Washington correspondent to acquaint its readers with this situation and point out what business men can do to aid the small bloc of Congressmen concerned to reduce expenditures. **Jack Robinson** is the pen name of a seasoned political observer who has made it his job to look into the workings of the House Appropriations Committee and find out how much attention its members pay to the "pressure" from back home.

Specialization is becoming a more and more important word in the lexicon of successful American business men. **Julietta K. Arthur**, who knows what women mean to business, tells how department stores have increased their sales by specializing in the wants and desires of the 1,000,000 girls who become brides every year.

Karl Detzer is a migratory reporter ever on the lookout for news on the American front. His latest prize find was a businessman government in Saginaw comparable to a well-run business organization.

Prof. Erwin H. Schell directs the Department of Business and Engineering Administration at Massachusetts Institute of Technology. He knows business at first hand, has served with the American Locomotive Company, U. S. Cartridge Co., Henry F. Miller & Sons Piano Company, and American International Shipbuilding Corporation.

Francis X. Welch is special Washington correspondent for *Telephony*. He has kept in close touch with the F.C.C. and all matters relating to television.

Herbert Thayer Bruce of Flushing, Long Island, became so enthusiastic over aerial photography that he wanted to tell what he had found to business men who could make the most use of it.

Arthur Walsh is vice president of the Ediphone Division of Thomas A. Edison, Inc.

Orson Angell is the advertising manager of **NATION'S BUSINESS**.

Wendell L. Willkie, as president of the Commonwealth and Southern Corporation, for many years has been an outstanding spokesman for private ownership of public utilities, made national headlines in his lively tilts with the T.V.A.

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NATION'S BUSINESS • CHAMBER OF COMMERCE OF THE U. S.

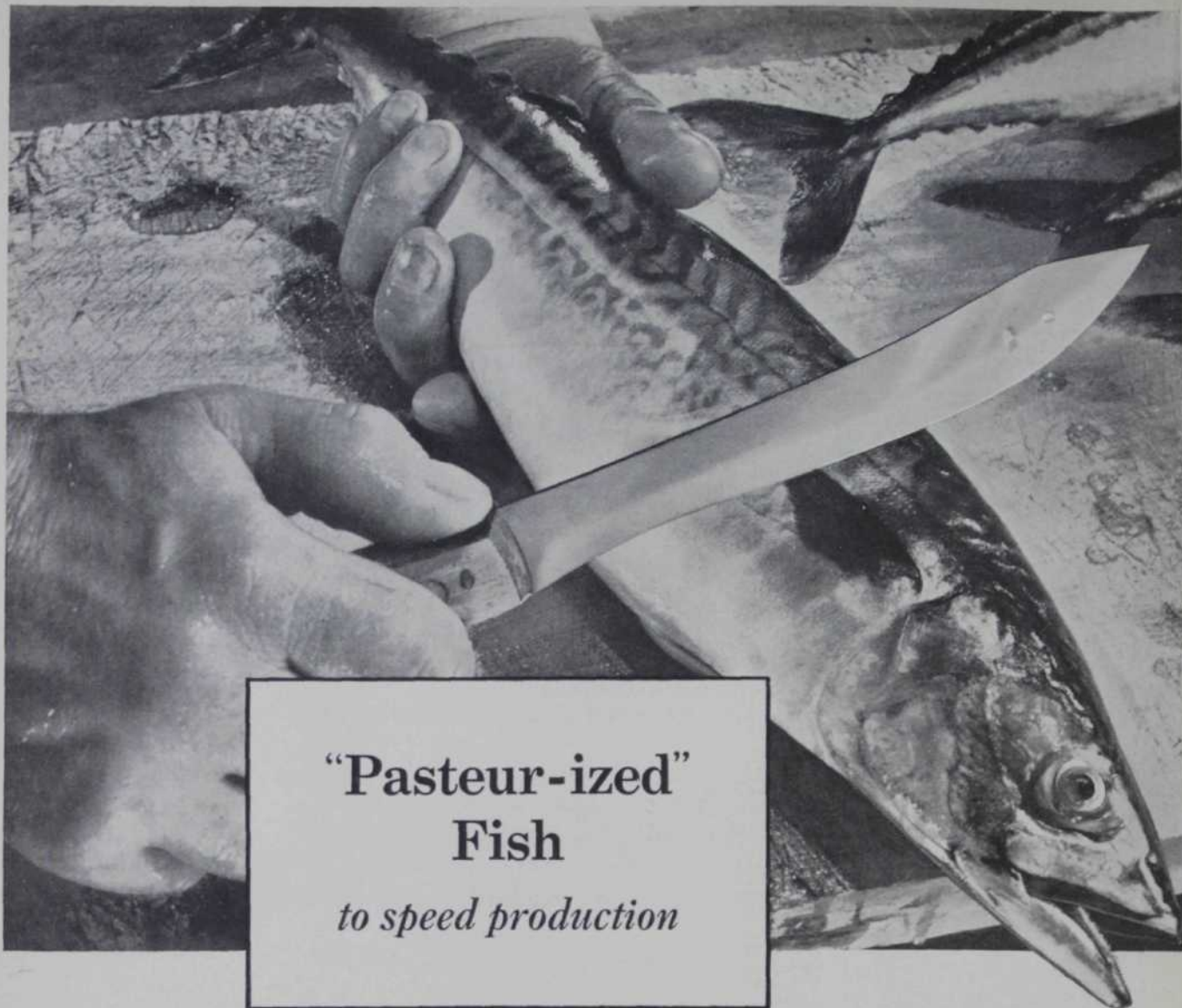
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**"Pasteur-ized"
Fish**
to speed production



Unusual—yet typical of American Mutual's safety work for firms we insure—was the thorough and individualized job we did, to check a tormenting hand-infection that plagued the employees of a fish-packer every spring. Our research IN THE PLANT showed the infection was caused by a minute crab that clung to mackerel. So our investigators went on a mackerel-fishing expedition and obtained quantities of the crabs. Tests showed the irritation came in no ordinary way from the crabs, and must be due to a germ.

Delving into medical literature, we discovered studies of similar infections back as far as one by Pasteur in 1882; a Baltimore doctor in 1896; Russians, Germans, and Frenchmen in the 1920's.

Finally we combined the medical knowledge of fifty years and four countries, with our own experiments, and solved the fish-packer's problem.

* * *

American Mutual accident prevention service *custom-builds* a safety plan for each policyholder. Organizing ability, an understanding of worker

psychology, even medical knowledge, are applied to the elimination of each firm's specific hazards. Besides accident prevention (frequently lowering insurance rates and preventing uninsurable losses), two *other* profits come to employers through

1. *Saving the skill of injured workers:* American Mutual's industrially-trained doctors work to restore the abilities each man needs for *his* job.

2. *Dividends to policyholders since 1887:* American Mutual and affiliated company dividends have always lowered costs 20% or more on practically all forms of insurance except life. Write Dept. X-3, 142 Berkeley St., Boston, Mass. for a copy of "How 12 Companies Made \$1,461,939.01."



get 3 profits with
American Mutual

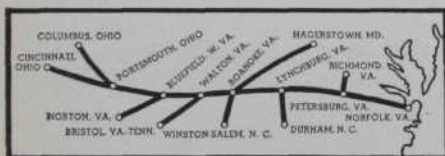
AMERICAN MUTUAL LIABILITY INSURANCE COMPANY
BOSTON, MASSACHUSETTS
BRANCHES IN 57 OF THE COUNTRY'S PRINCIPAL CITIES



Fishing

... is a delightful sport, but it is no fun at all to fish around for a solution to your shipping problems. Stop it, and specify Precision Transportation, the unexcelled merchandise freight service of the Norfolk and Western Railway. Thousands of shippers throughout the country have found that the Norfolk and Western's freight service is dependable, fast and economical.

Call or write the railway's nearest representative.



NORFOLK AND WESTERN
Railway

PRECISION TRANSPORTATION

Through the EDITOR'S SPECS

As bureaucracy grows

NEW YORK STATE has exhibited a phenomenon for the whole country to ponder. When Governor Lehman submitted the largest budget in the state's history, the Legislature, a majority of whom were elected last fall on an economy platform, did a modest bit of paring. It appropriated an amount seven per cent under the budget figure. But this action raised all the furies that the spenders could let loose.

Heads of all the affected bureaus cried out in injured innocence. The Commissioner of Correction told the newspapers it was "inconceivable." The Highway Department claimed it would be crippled. Health Department officials saw terrible consequences if they failed to get their full 16 ounces of flesh. State institutions, it was said, would have to turn loose a horde of maniacs on the people—all because of a seven per cent cut. But the loudest wail came from educators. A cut of \$4,000,000 in state aid for New York City's schools would make the local fiscal problem "virtually insoluble," according to Commissioner McGoldrick. New York City's superintendent of schools predicted serious consequences to the health of pupils in schools. Teachers in the metropolis drummed up a protest march of mothers on Albany and raised \$6,000 of their own money to finance it.

Governor Lehman tore his hair, sent message after message to the Legislature, and presided at an indignation meeting of alarmed bureaucrats. Even Al Smith, a bitter critic of federal spending, denounced the cut as treason against the executive budget idea.

The incident is significant of the fight ahead when states and nation must ultimately stop the downward road to governmental bankruptcy. It will be no twilight sleep.

Words, words, words

BERTRAND RUSSELL, the English philosopher, warns Americans that eloquence menaces the world. Teach children to resist persuasive words, he advises, then proceeds with consid-

erable eloquence to sell a bill of his own goods.

THOMAS H. BENTON, Missouri's native artist and a descendant of the great "show me" statesman, says with refreshing frankness that he is fed up with the incessant talk of radical intellectuals. In New York he finds there are too many people living off ideas instead of really doing something. The intellectuals are unable to distinguish between realities and ideas that may be unreal and untried.

AN INSTITUTE for Propaganda Analysis functions in Gotham. Its principal business, according to other less "objective" analysts, is the manufacture of subtle propaganda for collectivism in America.

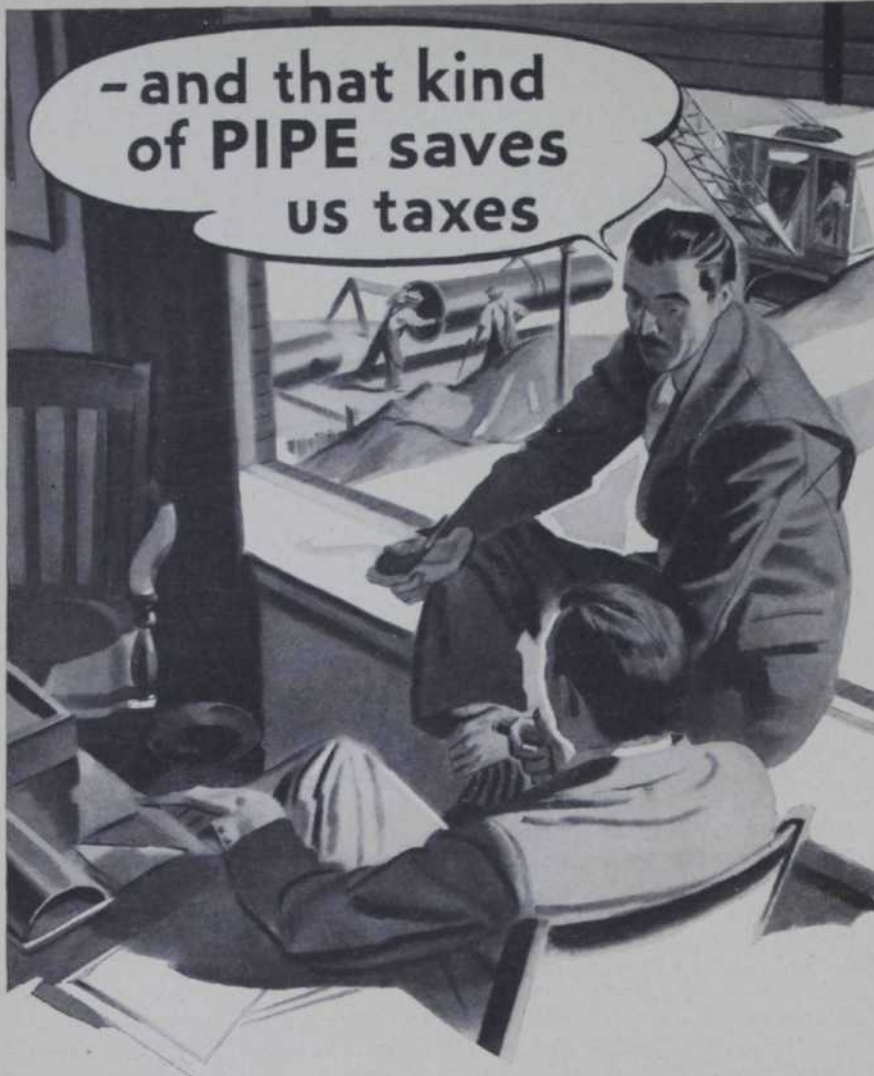
AND THUS the wordy world wags. The worse cause is oft made to appear the better, error is disguised in the gaudy raiment of rhetoric, truth all too often clothed in seedy rags.

Of shirts and men

"BRING YOUR shirt troubles to us," reads a sign in a Washington shop on 14th Street. Having wondered just what kinds of shirt troubles other men have, we dropped into James Dulin's shop one day and put the question to him.

One trouble, we found, is when a collar wears out while the rest of the shirt is still good. If you think enough of your old shirt to spend 75 cents on an overhauling job, Mr. Dulin will cut a piece out of the tail and make a new collar. Another trouble that brings men to Mr. Dulin is a frame that won't fit the standard sizes. President Taft, whose photograph hangs on the wall of the shop, was one of Mr. Dulin's best and certainly his largest customer. He has a fond memory of the President standing in his B.V.D.'s at the White House while his measurements were taken. At that time he had a 68" girth and wore a 19½ collar. Mr. Dulin has lived in Washington all his life and seen every President since Grant. None inspired in him the affection that he had for the big man from Ohio.

"Fortunately for me a lot of men



"...not only saves us but saves our Company taxes. Directly or indirectly we are taxed for our water supply. Water mains represent a large part of the city's investment in its water system. If they are of cast iron pipe they last for a century or more. If they're not, they give short-lived service, and as taxpayers, we foot the bill for replacing them. They call cast iron pipe Public Tax Saver No. 1 and I'm for it."

* * *

Water mains represent about one-third of this country's 5-billion-dollar investment in public water supply systems. More than 98% of these mains are cast iron pipe with a *known* useful life at least double the *estimated* life of other water

main materials. Because the tax-saving, through deferred replacements alone, is enormous, cast iron pipe is known as Public Tax Saver No. 1. It is the only ferrous metal pipe, practicable for water, gas and sewer mains, which rust does not destroy. Made in diameters from 1 1/4 to 84 inches.



Unretouched photo of a 10-inch cast iron water main installed a century ago and still rendering satisfactory service to the citizens of Detroit, Mich.

CAST IRON PIPE

PUBLIC TAX SAVER NO. 1

THE CAST IRON PIPE RESEARCH ASS'N, T. F. WOLFE, RESEARCH ENGINEER, PEOPLES GAS BLDG., CHICAGO

are shirt cranks," Mr. Dulin told us. "I could show you men working on modest salaries who come to me and pay from \$5 to \$12.50 for their shirts. They want distinction and that's one way to get it."

From the academic world

THE SYSTEM of private capitalism has been shown to be bankrupt. The teachers of the country are under obligation to inform the rising generation of this fact.—Professor George S. Counts, Teachers College, Columbia University.

I CAN'T feel too sorry about a few children used as guinea pigs if it's going to make the world better in the end.—Mrs. Dorothy Wilmotte, New York high school principal and advocate of "progressive education."

WHEN nearly a million people in California vote as they did for \$30 every Thursday, we need to re-examine the public school system in Iowa.—Willard E. Givens, executive secretary, National Education Association.

I AM convinced that President Roosevelt, by virtue of his office, is the most influential teacher in America.—Professor George W. Hartman, Teachers College, Columbia University.

THE PRESIDENT of the freshman class at the University of Chicago today was beaten by a pig in the pie-eating contest.—*Chicago Tribune*.

A LAFAYETTE College sophomore wanted to enter a goldfish gulping contest but there were no goldfish left, so he ate a magazine from cover to cover in 25 minutes.—*New York Herald-Tribune*. The letter, if not the spirit, of higher education. Was it *Reader's Digest*?

Man bites dog

MR. AND MRS. RALPH WHITE, subjects of Gilbert Hill's "Farm Tenantry Can Be Profitable" in the April number, need not be surprised if they find the Tenant Farmers' Union picketing their home. The Whites, as was chronicled in a recent NATION'S BUSINESS, rented an 80-acre Oklahoma upland farm and made it pay them and the landlord. But they did it by working an average of 53 hours a week for nine months out of the year. At least that was Mr. White's score last year; his wife's time no doubt was equally well occupied.

The union wouldn't like that. The union gorge rises at the sight of an unsocial fellow laying too many bricks a day or a rural individualist who walks too many corn rows between

sunup and sundown. But, however unpopular the Whites may be with other tenant farmers who consider them unfair to the toiling agriculturist, they won the plaudits of newspapers all over the country, from the *New York Sun* to the *Accotink News*. Strange that such a simple formula for the ills of southern sharecropping is regarded as news!

Action in miniature

IN THE WORLD of make-believe, the illusion of speed is king. Next thing to giving a man or boy a plane he can fly, a racer he can drive, a train he can run or a ship he can sail is to give him a miniature model of one of these speed creations.

We browsed a spell recently in the Modern Crafts hobby shop among speed paraphernalia. They have a tiny gasoline motor for model airplanes, so small one can hold it in the palm of his hand and so mighty that it turns the propeller at a speed high enough to lift one of those little ships into the air.

The first flight may be the last unless the landing is lucky. But it's worth weeks of work building a handsome model of the latest pursuit plane, just to see it take off. Like those winged ants of Julian Huxley's that make one nuptial flight and never soar aloft again. But the motor may outlast many planes or parts of planes. Under a test it has run steadily for 450 hours.

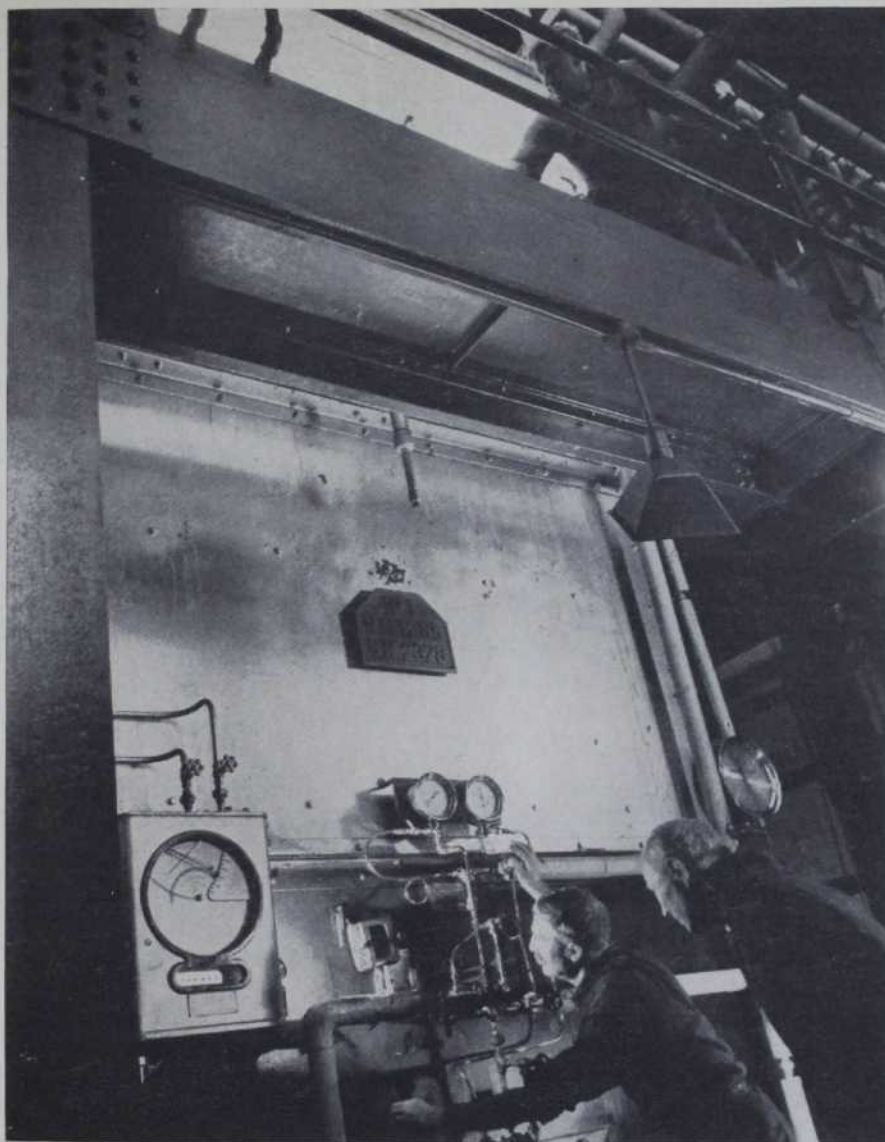
Model Crafts deals in miniature parts of planes, autos, trains, ships, etc. A customer came in for two anchors, Model 2B; three ventilators, 7A; one #3 capstan, a steering wheel, boom and propeller. We imagined ourselves to be in a ships' supply store until a "model" railroader entered and started talking about draw-bars, "reefers" and reversing rectifiers.

Cross-purposes

THE ROCK ISLAND Railway managers figured they could save \$100,000 by leasing the Chicago, Rock Island & Gulf Railway which operates only in Texas. The plan involved transferring 20 employees from Forth Worth to the Chicago main office and dismissing 49 others. By a six to four vote, the I.C.C. in Washington said it couldn't be done because the workers must not be disturbed.

Said Chairman Caskie in dissenting: "I am fully sympathetic with the humanitarian efforts of the majority, but I do not believe the Interstate Commerce Act gave the commission power to prescribe labor conditions, 'notwithstanding that they are just and reasonable.'"

Said Commissioner Mahaffie: "I am



20,000 WARNINGS WERE HIDING!

In a single year, Hartford Steam Boiler unearthed 20,000 serious threats to boiler safety!

The inspectors responsible are no casual amateurs, content with a "once-over," but experienced professionals . . . specialists at a specialized job. Numbering over 400, these men cover the country, seeking to lessen the possibilities of ruin to Hartford-insured power-plants . . . lengthening the life of expensive installations.

They are part and parcel of an organization which believes in doing one thing and doing it well. The unique

home-office engineering staff, closely directing this field force, draws its unequalled knowledge of safe power-plant protection from 72 years devoted to the single, exacting task of insuring and inspecting power equipment.

First in its field, Hartford shop-inspects 90% of all American power boilers.

Executives of many American businesses, large and small, know from experience the value of a Hartford policy. Ask your local agent or broker how Hartford Steam Boiler can protect your investment.

**THE HARTFORD STEAM BOILER INSPECTION
AND INSURANCE COMPANY**

HARTFORD
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Making Life Safer

FOR THE WORLD OF TODAY



Visit the Sealtest Building at New York World's Fair

Sealtest builds to a healthier, happier tomorrow by Making Life Safer, today.

Visit the great, modern Sealtest Building when you come to New York World's Fair.

See how Sealtest scientists work to safeguard the purity of milk, ice cream and other dairy products.

• • •

In thousands of communities the leading dairy products are produced under Sealtest Laboratory supervision. Millions of housewives are guided to pure, wholesome milk and ice cream by the red-and-white Sealtest Symbol.



Sealtest maintains more than one hundred laboratories and employs leading food scientists in its desire to improve the quality and safeguard the purity of dairy products.

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unable to agree that we have been given jurisdiction to regulate carrier employment or the compensation and expenses of carrier employees."

At the other end of the avenue called Pennsylvania, Congress was thinking hard on how to keep the railways out of bankruptcy.

Bigger and bigger

MORE THAN 23,000,000 pounds of paper or 96,000,000 sheets will be required by the Government to print its paper money and public debt securities during the fiscal year of 1940, according to the Treasury Department's invitation for bids to supply stock for this fancy printing job. Apparently "business is good" in the nation's money processing department with huge stocks also piling up in the gold and silver bullion departments at Ft. Knox and West Point.

One bet the "spenders" evidently have overlooked: No one has yet claimed that our currency and debt activities is helping the paper and pulp industry.

Art and the business man

BUSINESS is supposed to be allergic to art. In town bully phraseology, "only sissies is artists" and according to the critics hard-boiled business men have no appreciation of the artist's touch. How then can one explain the recent awards of Lord & Taylor of \$1,000 each to four industrial and costume designers whose work was the most distinguished in their field during 1938?

Miss Merry Hull created gloves which have the apex of the fingers shaped like a U instead of a V—the first radical change in 3,000 years. And believe it or not! The artist herself created the *machinery* used to make possible mass production of her creations.

Another award went to Raymond Loewy for an electric refrigerator. He has also designed stream-lined locomotives, fire-proof steamships, automobiles and electrical appliances.

Other awards were for camera designs and women's costumes.

With no intention to belittle the artists in their own field, it is significant of the American way that artistry has come into industry through the encouragement and patronage of business leaders who can see rhythm, beauty and poetry in the whirl of a fly-wheel or the purr of a motor.

In the words of Frank Crowninshield, editor and art critic, it is only private industry's stimulation for artistic designing that will save America from an impending descent into barbarism. Influence of the mass mind as now encouraged by government

may soon bring a day when all in America will "dress alike, look alike, talk alike, think alike and even, perhaps, smell alike," warns Crowninshield.

"Furthermore," he continued, "whenever the Government has attempted to create art either in the form of letter boxes, dollar bills or medals for soldiers, the result has been horrible."

Unfair to hubby

FROM CHICAGO, where one department store employee was killed and a number brutally beaten during a rough-house strike, a reader sends this lighter note on picketing:

In a department store a woman who had made a purchase asked that it be wrapped in plain paper. "My husband is one of the pickets outside and I don't want him to know I bought anything here," she explained.

Squirrel cage statesmanship

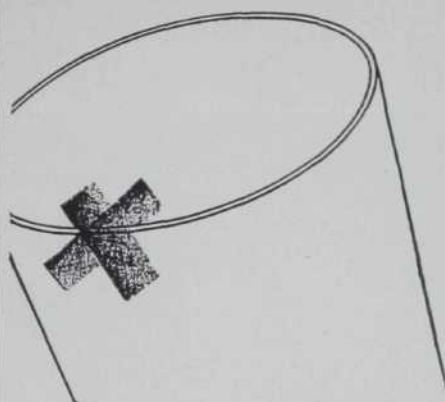
LAST WEEK we were called upon to provide millions of dollars we do not have and must borrow to put 600,000 or 700,000 acres of rich bottom land in Tennessee and Kentucky under water, for power that we do not need. This week we are called upon to provide millions we do not have and must borrow to irrigate a million acres in the state of Washington for farm land and power that we do not need. Next week we will be asked to provide hundreds of millions that we do not have and must borrow to retire millions of acres of natural farm lands from production that Mr. Wallace says we do not need. —Congressman Clevenger of Ohio.

Envious muckrakers

REVIEWERS for some of the leading conservative newspapers and magazines were among those who lavished praise on "The Big Four," a recent muckraking book by Oscar Lewis. The Lewis formula for a best seller should be familiar to Americans by now. He surveyed the American scene, selected four pioneer business men—railroad builders, founders of a great university and a famous library—and proceeded to skin them as ignoble robber barons.

In their day the Big Four frequently inspired the irony of Ambrose Bierce. Bob Davis relates an occasion when he was passing railroad headquarters in San Francisco with his friend Bierce and the author remarked: "There stands the hideout of California's leading plunderers and scalawags (Huntington, Leland Stanford, Crocker and Mark Hopkins). I should like to be one of them."

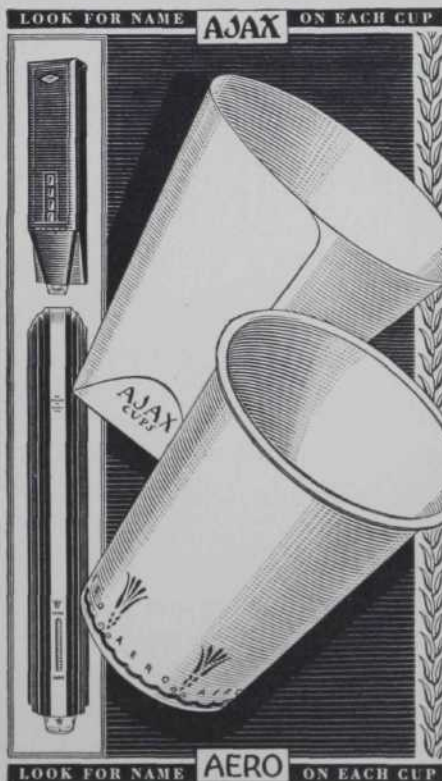
How many of our scribbler Galahads of today hurl epithets at industrialists but are not candid enough to admit the desire in their hearts for similar success.



"X" marks the spot ...where colds start

The "bugs" of common colds, pneumonia and other diseases do their deadliest work on the common drinking glass. Why risk infection—and costly absences of employees due to illness? AJAX or AERO drinking cups protect your pocketbook by safeguarding employees' health. Cups are crisp, clean, pleasant to use—and served from steel or Bakelite dispensers. Cost is very low.

How these services aid business efficiency is told in a booklet 'New Dividends for Business.' Free to executives on request. To inspect the services, without obligation, check square below.



- ☐ Mail us your FREE BOOKLET, and
☐ Have dealer tell us about the special
 One Dollar "GET ACQUAINTED" Offer.

LOGAN DRINKING CUP CO. Div.
 68C PRESCOTT STREET, WORCESTER, MASS.
 270C Broadway · 221C No. LaSalle Street
 New York Chicago
PACIFIC COAST ENVELOPE CO. DIV.
 416C Second Street, San Francisco

Living up to the Greatest Name in Rubber



Lounge chairs and other types of railroad car seats cushioned with **AIRFOAM** provide luxurious comfort in the Broadway Limited, Twentieth Century Limited and other famous trains.

A New Miracle in Comfort for seats, furniture and mattresses

Cross section of **AIRFOAM** seat cushion showing cellular structure through which air "breathes"



1839 • THE CENTENNIAL OF RUBBER • 1939

Great beyond all other names in rubber is that of Charles Goodyear—discoverer just a century ago of the process of vulcanization that made rubber usable to mankind. To honor him The Goodyear Tire & Rubber Company was named long after his death; from his lifelong effort to extend rubber's utility it takes inspiration, and seeks by serviceability to deserve his name.

THERE is no greater boon to human comfort than **AIRFOAM***—one of Goodyear's newest developments in rubber. **AIRFOAM** is a new kind of cushioning made from pure latex—a buoyant, kitten-soft, pillowy material more gloriously restful than anything heretofore known. So completely does it smother the vibration, absorb the jars of today's high-speed travel, it is already being used in seats in many of the finest new crack trains and buses, in smart 1939 cars, in airplanes, trucks and boats.

In mattresses, too, **AIRFOAM** is de luxe. Its millions of tiny air cells give the body "floating" support that equally relaxes every muscle, insuring deep refreshing sleep. Hospitals find **AIRFOAM** mattresses aid recovery of bed-weary patients. And furniture makers are adopting it because it is dustless, verminproof and lasts indefinitely. A revelation in everything you sit, sleep, rest or ride upon. **AIRFOAM** is a brilliant example of the progress that makes Goodyear the greatest name in rubber.

THE GREATEST NAME IN RUBBER

GOODYEAR

*Trade mark of The Goodyear Tire & Rubber Company



Thoughts on Dull Reading and Pessimism

WHEN a member of the Cabinet, and the head of the Commerce Department at that, states that the reports of the National Chamber's Annual Meeting made "dull reading," the comment invites elaboration.

It is doubtful if the business community could ever compete on equal terms with the Official Planners and Dispensers in the authorship of hot news. Business can only repeat, as it did at its annual meeting, the dull prose of $2+2=4$; that you can't have your cake and eat it, too; that taxes are paid in the sweat of every man who labors.

How can such dull reading stand up against the dare-devil, death-defying circus stunts of the District of Columbia?

What chance has a statement of old-time thrift, self respect, pay-as-you-go virtues against the front page news of the massacre of little pigs, the mobilization of rakes for leaf-juggling, the plowing under, the ordeal of the potato growers, tree belts and Greenbelts, the yardsticks, court-packing, deficit financing, the Matanuska mirage, the mumbo-jumbo of "parity" and farm allotments and quotas, grocery stamps to relievers, the tidal wave of taxes, the rain of laws, a million citizens added to bureaucracy, the non-stop climb of administrative absolutism, and the daily evidence of pressure-politics exerted in high places?

The W.P.A. itself never makes "dull reading." "Man bites dog" is the time-honored example of exciting news. How close to the ideal, then, are the news items that the W.P.A. has a project to instruct its workers how to see Europe on \$2 a day . . . that the American Federation of Actors has fined two Hollywood members \$10 for cracking a W.P.A. joke . . . that the W.P.A. distributed 60 women's ski suits in Independence, Kansas, and announces that a limited number of tuxedos are available at Kansas State headquarters . . . that the W.P.A. theater projects have produced 1200 plays at an average cost of \$40,000, with average receipts of \$1500 . . . that a W.P.A. sewing center in Omaha made so many diapers that State headquarters distributed a quantity of them in sur-

plus commodity packages to aged persons on relief.

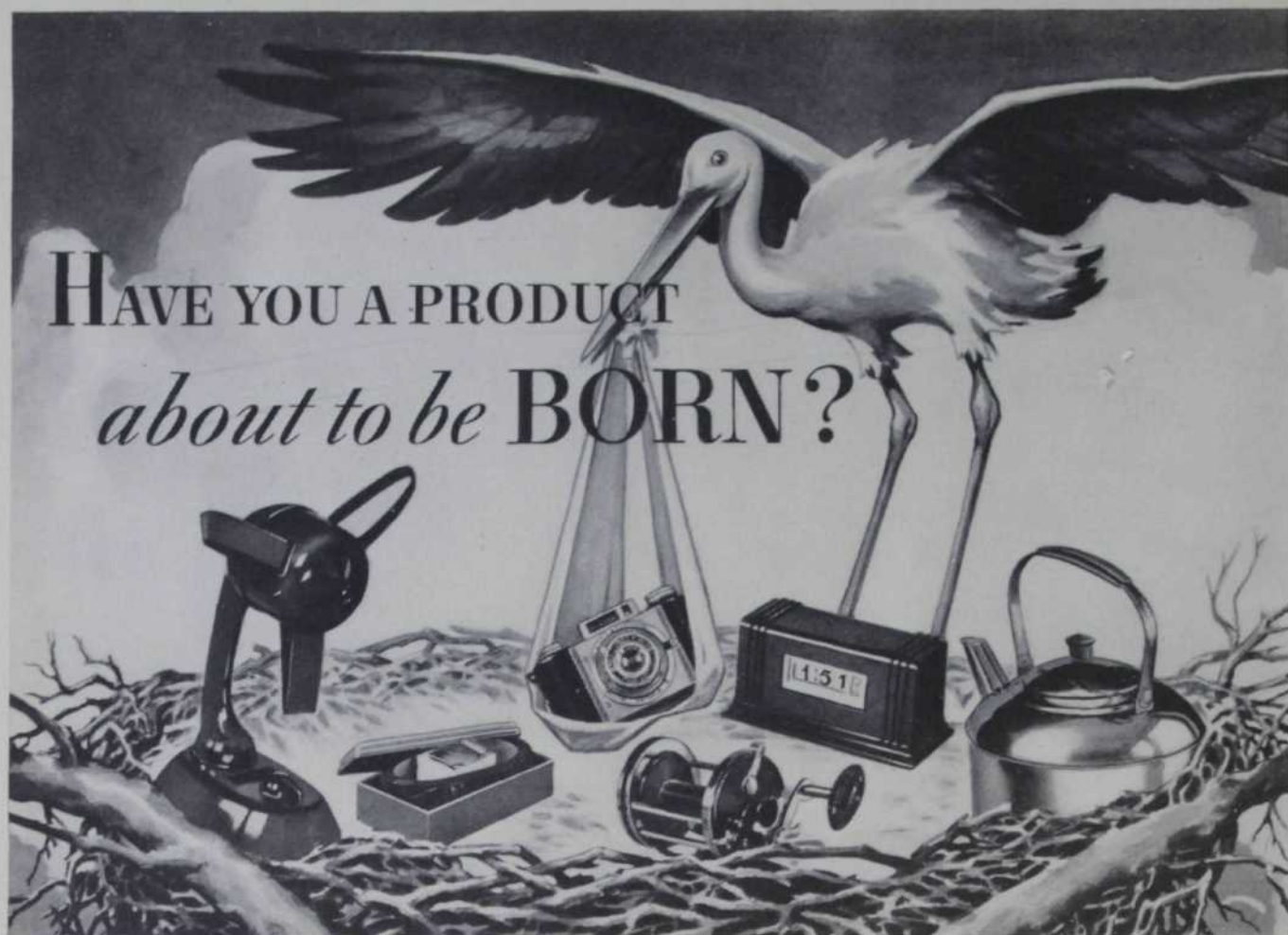
"Dull reading," indeed, is the business man's review of conditions that brought the country an 80-billion-dollar income and a recommendation of conditions that would permit it again. Dull reading that the most gigantic spending program of the ages still finds the number of unemployed at the 1933 peak, and individual annual incomes down from \$672 ten years ago to \$490 today.

The Secretary, it would seem, wants a world of optimism—"There was an awful lot of pessimism [at the Chamber's annual meeting] and I don't belong to that school of thought."

It would be charitable to interpret the Secretary's appraisal of the Chamber's speakers in the light of his own admission that he "had been out of touch with Washington for ten weeks." At the very moment he was reproaching the business community for its pessimism, three events were taking place within a stone's throw of his office: The Mayors of our four largest cities were testifying before a House Appropriation Committee that unless Federal aid is continued "tragedy will follow," with "results too terrible to contemplate." Dr. Parran, Surgeon General of the United States Public Health Service, clamoring for more money, rides in belatedly on the war scare to warn us that "our nation is not physically fit for war." And the Senate, without a dissenting voice, was voting to "up" the farm grant of the House by 46 per cent.

It would seem, then, that on one count business is guilty. Its prose is not amusing; it is as dull as the decalogue or as the old copybook maxims of horse-and-buggy days. On the second count, business can only plead that it has no monopoly of pessimism, that, as of the given date, it enjoyed the corroborative testimony of mayors, a man of medicine and the Senate confessing that the farmers' plight was worse than budget estimates by a third of a billion dollars.

Mere Thorne



HAVE YOU A PRODUCT *about to be* BORN?

UNIQUE DESIGN
in an electric fan with base, standard and housing of colorful Bakelite Molded.

SALES-SPARKLE
for staple merchandise. Belt-and-buckle set with gift package of Bakelite Molded.

UNIFORM PRECISION
in "candid" cameras is obtained by forming housings from durable Bakelite Molded.

NON-CORRODING
strength and beauty. Lightweight salt water fishing reel of Bakelite Molded.

COST-ECONOMY
Handsome Bakelite Molded case permits popular pricing of this fine clock.

COLOR-STYLING
for tea-kettle through use of bright red Bakelite Molded knob and handle.

Bakelite Plastics can help you give it colorful beauty, enduring strength, better performance, and other striking advantages that assure quick sales success

PREPARE your new-born product for the competitive battle! Give it beauty . . . lustrous color . . . enduring strength . . . compact, pleasing design . . . and production economies that foster enticing prices. Learn from these four current case histories how other manufacturers are conquering competition with Bakelite plastics:

1. Rex Venetian Blinds of translucent Bakelite Laminated created a luxurious new treatment for windows. They found immediate success at prices permitting wider profit margin . . . gave the manufacturer an important advantage over competition.
2. Speaking of its Bakelite Molded desk lamp, Polaroid Corporation says: "It would have been difficult to produce the Polaroid Desk Lamp in anything like its present form and to sell for its present moderate price if we had made it from conventional material."
3. "Bakelite plastics are largely responsible for the national sales success of Tecklite Safety Plate Switches," reports Tecklite Mfg. Co.

"They have given us beauty, durability and economy, and have supplied certain factors impossible to find in other materials."

4. In creating a new model of the Wappler Cautey Scalpel, American Cystoscope Makers, Inc., obtained revolutionary advantages from Bakelite Molded. New compact design was made possible at greatly reduced manufacturing cost. The lowered sales price broadened its market. Sales jumped 1400% in 12 months.

If you have a product about to be born, or one that needs rejuvenation . . . investigate the sales-stimulating effects of Bakelite plastics. Write for illustrated booklet No. 1, "New Paths to Profits".

BAKELITE CORPORATION
247 PARK AVENUE, NEW YORK

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PLASTICS HEADQUARTERS

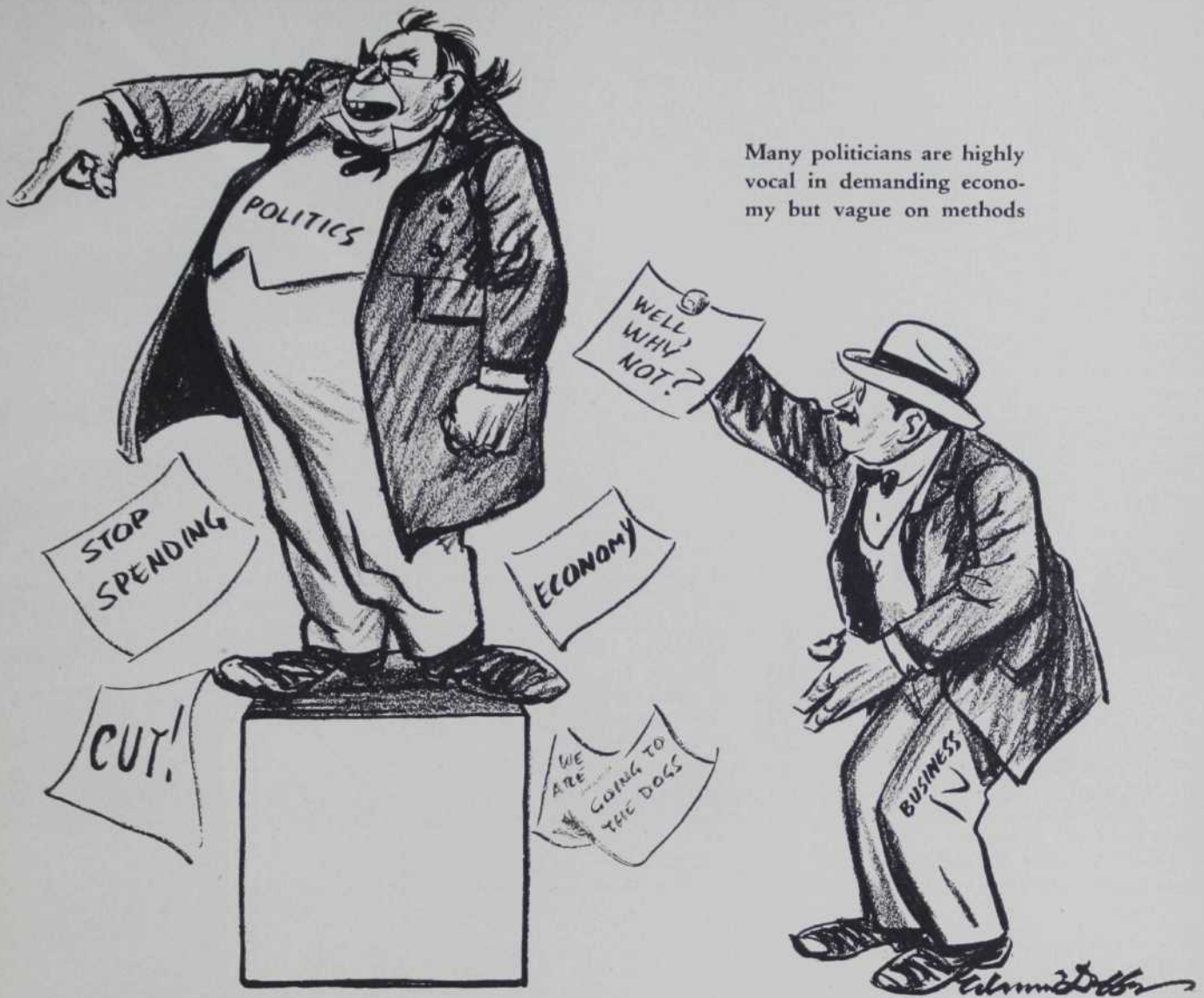


Get this illuminating Booklet

Here's a quick-reading, non-technical booklet that gives the busy executive a clear picture of Bakelite plastic materials and their benefits for his business. 16 pages, profusely illustrated. It explains the many types . . . shows how they are revolutionizing product design to increase sales, cut production costs.

Your product-designer, too, will find useful information in this booklet. Write *today* for your copy of "New Paths to Profits", and give names of others in your company who should receive copies.

Visit the Bakelite Exhibit, Hall of Industrial Science, N. Y. World's Fair 1939



Many politicians are highly vocal in demanding economy but vague on methods

Economy Begins Back Home

By JACK ROBINSON

WHAT THIS country needs is economy in government. What the business man would like to know is: "How can we get it?"

Many a politician is highly vocal in demanding economy these days, but vague on methods.

"Stop spending so much money," he says. "Cut out these billion-dollar deficits that are piling up such a tremendous national debt."

"All very good," says the business man, "but how?"

How, indeed? That is the challenge President Roosevelt gave his spending critics when he told the first joint session of the seventy-sixth Congress:

ALTHOUGH a move to reduce government extravagance has started in Congress, it cannot succeed without the help of the citizen. Here's how you can help

Certain expenditures we cannot possibly reduce, such as the interest on the public debt. . . . Therefore, the Congress would have to reduce drastically some of certain large items, such as aids to agriculture and soil conservation, veterans' pensions, flood control, highways, waterways and other public works, grants for social and health security, Civilian Conservation Corps activities, relief for the unemployed, or national defense.

The Congress alone has the power to do

all this, as it is the appropriating branch of the government.

Farm benefits! Veterans' pensions! Social security benefits! Relief! National defense! Each time the President named a politically delicate subject. On each of them some legislator will say: "I'm for economy, but not at the expense of the unfortunate man who is out of a job"; or, "I yield to no

man in my desire for economy, but the farmers must be paid their fair share of the nation's income."

And so it goes. Everyone has a "yes, but" slant on economy when it gets down to specific cases.

With the vote-getting possibilities of "more money for my state and district" always before a senator or representative, it is usually hopeless to expect Congress to display any sort of determination to save.

Yet, a move has been made in this Congress for economy—a small, feeble move, it is true, the outcome of which is not yet certain, but a tremendously important move. And it was attempted first of all on the most delicate, politically, of all the subjects President Roosevelt mentioned—unemployment relief. A small group of men in the House who happen to be strategically placed on the appropriations committee have made a beginning, without much fanfare. They are the members of Representative Clifton A. Woodrum's closely-knit economy bloc on the deficiency subcommittee which handles all relief appropriations.

They are six Democrats on a subcommittee of 12, and they have been able to accomplish results only because of the support of the four Republican members. Their influence, however, is out of all proportion to their numbers. To understand it one must understand the appropriating machinery of Congress.

Before a single dollar can be paid out of the United States Treasury

(except for certain permanent appropriations provided for by law) it must be appropriated by Congress. It is possible, therefore, to cut off spending by cutting off appropriations. All appropriation bills originate in the House; the Senate may amend them but it does not initiate them. This is not a constitutional requirement, as in the case of tax bills, but it is so deeply rooted in custom that it has been 40 years since the Senate originated a spending measure.

The largest committee

TO handle this job, the House has created the largest committee in Congress. Forty men comprise the House Appropriations Committee, their ranks divided in accordance with the current ratio of party representation, 25 Democrats to 15 Republicans. With the Democrats in control, naturally the initiative for economy must come from them. It is the appropriations group which must consider the money requests of the ten Cabinet departments and the scores of agencies and bring in the bills which authorize the Treasury to pay out, currently, some \$11,000,000,000 annually.

In the interest of efficiency, the group divides itself into 11 separate subcommittees, each of which handles a separate department or group of agencies, prepares a bill and then takes it before the entire committee for approval. After the bill is passed by the House, it goes

through a similar process in the Senate, differences are ironed out in conference, and finally it is sent to the White House for the President's signature.

Early this year President Roosevelt asked for an \$875,000,000 appropriation to continue the works program until July 1. Already he had received \$1,425,000,000 and the additional amount would have made it \$2,300,000,000. The House deficiency subcommittee held hearings and decided \$725,000,000 should be enough. The House and Senate upheld its decision. Mr. Roosevelt twice renewed his request for the extra \$150,000,000, and eventually the deficiency subcommittee agreed to vote another \$100,000,000. Again the House and Senate upheld it.

Far more important, however, than the relatively minor \$50,000,000 saving out of a proposed fund of \$2,300,000,000 was the fact that any reduction was made in relief, and the further determination of Congress to look more closely at the relief demands for which it had been writing blank checks for six years. Before the

(Continued on page 100)

With little fanfare, a small group of men have made a feeble but tremendously important move toward sounder government finance





Models at a display for brides display the latest in wedding finery

Public Spender Number 1; the Bride

By JULIETTA K. ARTHUR

A YOUNG woman entered a department store in one of our larger cities recently. The moment the door man respectfully made way for her, she screamed:

"I am going to spend \$1,000 in this store at once!"

Every clerk within hearing instantly forgot about customers pondering the values of a 69 cent stocking, or a \$2.95 hat, and rushed to wait on her.

In effect, that story is being duplicated (only with better taste) this minute in every town large enough to support a store catering to the desires of the most popular woman in the United States—the American bride.

Service is being rendered to the 1,000,000 girls who marry in this country every year, by specially trained sales-people, efficiency experts in various household techniques, and leaders in fashion.

Since a country-wide survey by the Merchandising Service of *Bride's Magazine*, covering bridal departments, specialty shops, and department stores as a whole, re-



Kathleen Blackburn, sitting left, is Lord & Taylor's bridal secretary

veals that engaged girls spend an average of \$250 on their trousseaus this means a \$250,000,000 business annually to the American merchant. In reality, while the girl-across-the-railroad-tracks may spend less than \$250 on her modest outfit, her sisters of Park Avenue and the Lake Shore Drive are likely to spend thousands with dressmakers, decorators, florists, silversmiths, and the whole array of smiling shopkeepers whose principal business is centered around their desires.

Bridal secretaries needed

MUCH of the success of the hundreds of shops and departments throughout the country depends on the highly qualified type of personnel employed especially to help the engaged girl, and usually her mother, too, through the bewildering maze of bridal outfits, wedding etiquette, household budgets, home furnishings, and all the manifold details of what amounts to a complete change in the girl's life.

Emphasis is on the charm, background, and personality, as well as selling ability of the special "bridal secretaries" employed by most department stores to cater to the engaged girl. In many cases, a whole staff of secretaries, each an expert in her own specialty, works on a year-round basis. In their capable hands often lies the happiness of girls who trust to their advice implicitly. They are often called upon to exercise both tact and ingenuity in suiting, for example, the bride's own taste, and that of her conservative mother—and no bridal secretary worth her salary can afford to be found at a loss in the none too rare crises where the mother of the bride and the prospective mother-in-law fail to agree on the wedding appointments!

The well informed bridal secretary must know whether tweeds can be worn

in London in May, what dress materials will survive, uncrushed, the strenuous days of a round-the-world cruise; whether a pearl gray satin will look drab in the village church, and what's more, when to say "No!" in an authoritative yet gracious manner to the sweet miss whose violent chromatic tastes are likely to shock her future mother-in-law.

Last-minute crises

BRIDAL secretaries often play the rôle of mother-confessors, and one experienced secretary confesses she played the part of cupid in a romance which developed in her own bride shop between the maid-of-honor and the best man! There are last minute crises which, unmet, may blot out the happiness of a wedding day.

Charming Kathleen Blackburn, head of Lord & Taylor's Bride Shop, was once asked to fly to a Pennsylvania city to press the wedding dress of a customer whose superstitious servants refused to touch it. Another secretary arrived at the home of a young bride to find her in tears. The ushers, by mistake, had completely denuded the bridal bouquet of roses which they complacently took for their boutonnieres. A quick, deft hand, a ready ingenuity, and presto! a brand-new concoction was formed under the secretary's supervision.

(Continued on page 114)



Mrs. Alexandra Potts (wearing bracelet) of *Bride's Magazine* talks to worried mothers of prospective brides in a 30-week tour of 600 stores



Della Owens, Neiman-Marcus bridal secretary, handled all details of a Honolulu wedding by remote control



Marie Coudert Brenning pioneered in developing brides' departments, wrote a book now used as universal guide



Knowing that appreciative brides will become regular customers, stores offer housekeeping advice. This is a kitchen demonstration

Business Takes Over the City Hall

By KARL DETZER

AND Saginaw, Mich., receives better service and pays lower taxes for city government—a record that business men anywhere might duplicate

SAGINAW, Mich., is a business man's town. This municipality of 100,000 population is managed by business men—not politicians. They run it the way they would run their own factories and stores, economically, efficiently, without fanfare, and with no regard for political expediency.

They are giving Saginaw one of the best, if not the best, jobs of municipal government in America. They are getting excellent results with low taxes. Any other town could do the same thing by putting business methods and business men into the city hall.

In 1922 the Saginaw Board of Commerce adopted a 15-point plan for the betterment of the old lumbering city. One of the points was the revision of the creaking, outworn methods of municipal government. Politicians had a good laugh at that. They were in the saddle. Through patronage and organization they intended to stay there.

But civic groups, luncheon clubs, the League of Women Voters, even churches and labor unions and ladies aids listened with interest to the idea of a business-managed city. They went to work, refused to be discouraged, enlisted the aid of their alert daily newspaper, took to the radio, held public forums—and in 1935 the thing they were striving for happened.

The citizens marched to the polls and voted for a revised city charter. Most charters run to hundreds of pages, are so intricate nearly every paragraph needs court interpretation. A group of nine Saginaw business men, all members of the Board of Commerce, for three years had been studying the charters of a hundred cities. They decided that Saginaw needed one so clear that plain John Citizen could understand every word, so short that any business man could grasp its entire meaning in an hour.

These committeemen were not municipal experts, not one was a lawyer,



In 1936 the citizens marched to the polls and voted for a revision of the creaking, outworn methods of municipal government

they didn't know or care about politics. Instead of the average 100,000 word charter, they wrote one in 7,000 words, and covered every necessary point so clearly that no court has had to decide the meaning of a single paragraph.

Under the Saginaw plan, the voters, as stockholders in the city, elect a board of nine directors, known as the city council. The group that drew up the charter was the first board. Its function is exactly that of the directors of any private enterprise. It determines broad general policies, employs a general manager, does not concern itself with administrative affairs.

Run as a business

THE general manager, known as "city manager," runs the town just as if it were a store, a factory or an insurance company. His reports to the council must show results.

One council member is named mayor, and becomes the city's chief ceremonial officer. He welcomes distinguished guests and lays cornerstones, but has no more actual power than his fellow members of the board. Like them he is elected on a non-partisan ballot; his politics are his own affair, and have nothing to do with his city job.

The city manager hires the department heads, tells them to fill the subordinate places with capable men and women. Like the council, he need not worry about ward boundaries, precinct committeemen, political parties or

county lines in making his choices.

Manager of Saginaw is L. Perry Cookingham, an engineer with an excellent record in several Michigan cities, where he had built sewers and streets. Forty years old, a night school graduate, former soldier, he was managing a small town near Detroit, as a side-issue had charge of 25,000 relief workers on county projects when Saginaw employed him.

"Get rid of useless jobs and job-holders," the council directed. Cookingham did.

Under the old method, assessor, controller and treasurer had kept duplicate sets of books, in longhand, as they still do in many cities. By combining these offices into that of finance director, as provided by the new charter, and installing the newest accounting machines, Saginaw brought city finance out into the daylight, saved time, labor, clerks, cut 86 separate accounts to 15.

Cookingham searched the country for the best finance director available at the salary he could pay, found the man he needed at Atlantic City, N. J., set him up in the city hall, and politicians screamed because an outsider got the job.

Within two months the finance director discovered that householders owed the city \$200,000 in delinquent water bills, a situation not unusual in many municipalities. Being a business man, and with the backing of his busi-

(Continued on page 112)

The Economic



Television crew with a camera on a dolly follows actors in a studio

ASIDE from the possibility of general European war, 1939 seems likely to go down in business annals as witnessing the birth of two new industries, commercial transatlantic air carrier service, and regular television broadcasting—or “telecasting” (as the technicians already insist).

Like most new industries, these newcomers are certain to erect their structures at the expense of established enterprises. The Transatlantic Clipper will sooner or later take some passenger trade away from surface ships.

In the field of television the dislocation of established enterprise may appear more remote. Here, it would seem at first blush, is an infant industry that might well represent a net economic gain. More deliberate analysis of the factors which surround the birth and prospective growing pains of television, however, suggests that other industries are going to be pained considerably before television takes its proper place among the families of American industry.

But let us consider television from the brighter, affirmative side instead of regarding it as a suspicious interloper. Thanks to recent wide publicity, the average American business man knows that television is feasible.

We shall pass over, therefore, discussion about its technical marvels and limitations, such as the present restriction of television waves to a receiving orbit of 50 miles radius or less (depending upon the height of the transmitter tower). We shall take it for granted that television sets will shortly go on the market at prices ranging from \$150 up, even though regular program services will be available this year only in two cities (New York and Los



Toby Wing, stage and screen actress, takes part in a television test and at the same time studies her performance in a convenient receiving set



Experts expect 50,000 home sets to be sold this year in the New York City area. Los Angeles also has regular television broadcasts

Birth Pangs of Television

By FRANCIS X. WELCH



Building of television receivers has already reached the assembly line stage. These girls are wiring the chassis

R. C. A. VICTOR



Preview of an auto show. Cars passed before the television camera in the street were viewed by dealers through receiving set on 54th floor



How the scene to the left looked to the dealers 54 floors away

ACME

Angeles). We shall concede that transmitting equipment is very expensive.

Let us, in short, get down to the problems television will face as an industry and as an advertising medium when the first rash of excitement over its novelty fades out. Television's long-range problems may be roughly divided into three classes:

1. Technical change.
2. Regulatory policy.
3. Program economics.

The relative importance seems to be in about the reverse order.

The problem of technical change can be covered most easily because it merges into the second item, regulation. To get television on the market, the manufacturers have adopted for the present standards both as to frequency and definition which may well "freeze" important progress in the art for a number of years. The necessity for precise coordination between the transmitter and receiving set is such that these respective television units have been compared with a lock and a key. The headphone radio set of the Coolidge era would work today about as well as it ever did. With television, however, any drastic departure from the 441-screen, 60-frames-a-second standard of definition, or from the tentative F.C.C. frequency allocations which have been reserved for television, would overnight impair or even junk a public investment in television receiving sets.

No official standards

The F.C.C. has smartly ducked the responsibility for setting these standards. It has cooperated with the manufacturers in setting aside the appropriate ultra-short wave frequency channels, but it has

let the trade write its own ticket on standards. The day may come when these standards will be regarded as bottlenecks and straitjackets; then the brickbats will fly.

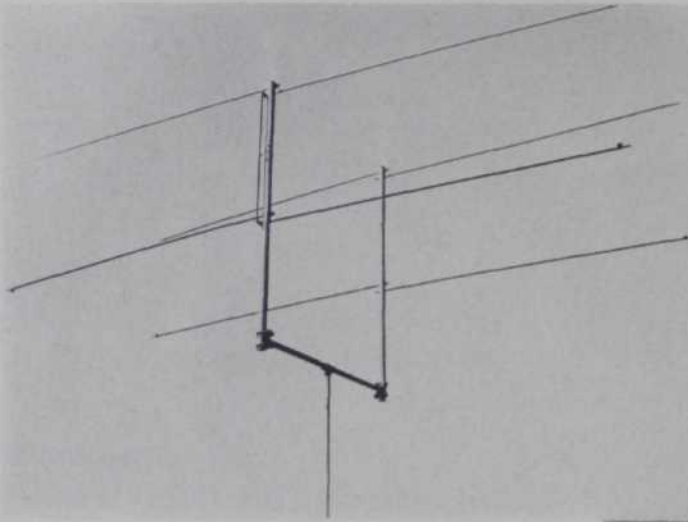
Sooner than that, the F.C.C. will have to decide basically important issues affecting all communications. This brings us to television's second major problem—regulatory policy. The problem is essentially one of traffic control on that increasingly congested mystic band known as the radio spectrum.

The radio spectrum is the trade name for a marvelous invisible universe which

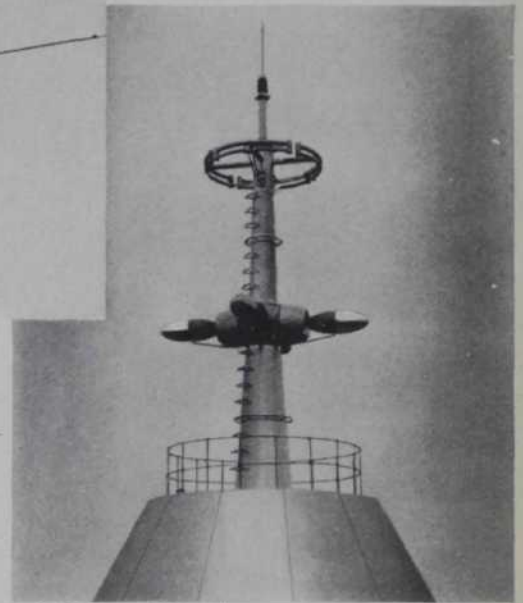
was discovered just around the turn of the century while scientists were busy perfecting Marconi's wireless telegraph. It was then found that, by synchronizing the speed (or "frequency") of the tiny wireless impulses (or "cycles") as between the sender and the wireless receiver an exclusive relationship could be established between the two. That is to say, the receiver could exclude other sending signals which were not attuned to the same frequency.

This was a tremendously important step for the infant wireless telegraph art because it meant that more than one sending station could operate at the same time within the same area without confusion. It became even more important when radio broadcasting came into common usage right after

(Continued on page 94)



This receiving antenna, one of three types, brings in high frequency television waves



W. C. A. VICTOR

Transmitting antenna. Lower part is for image transmission, upper for sound signals

THE RADIO SPECTRUM

General Characteristics of the Known and Usable Spectrum, According to Frequency Allocations of the F.C.C.

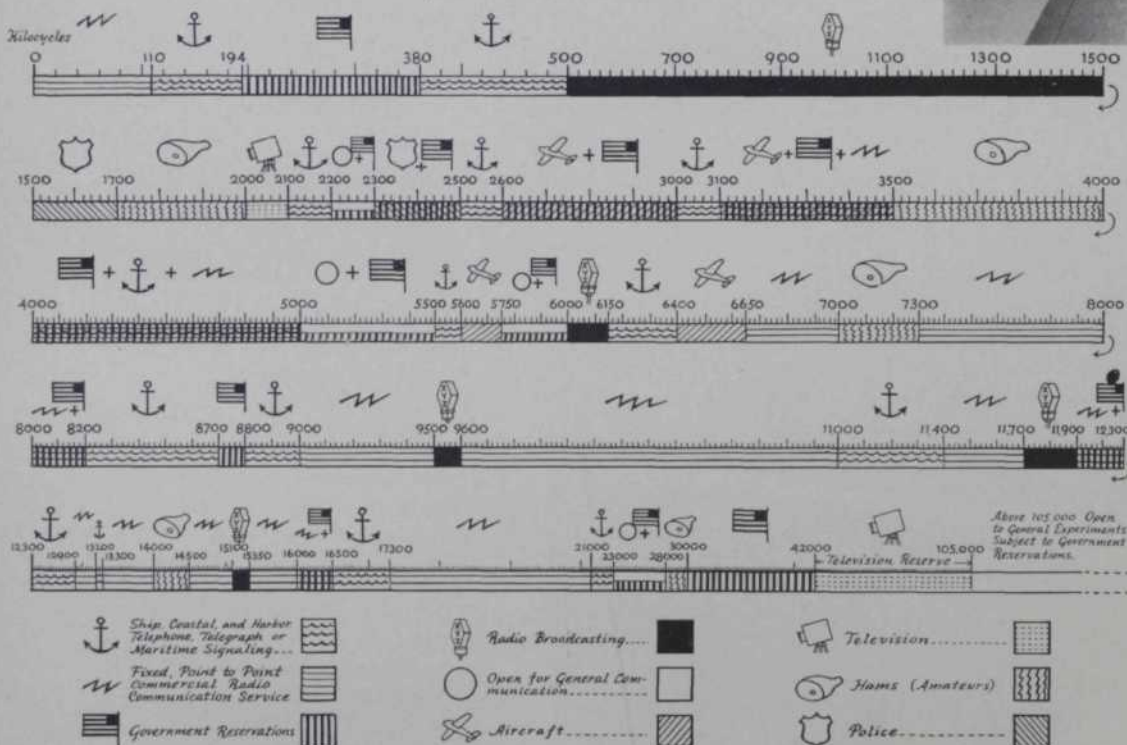


Chart of the radio spectrum showing, in a general way, how and to whom its space is allotted

Toward a Better Understanding in Industry

By ERWIN H. SCHELL

MISUNDERSTANDING is rapidly becoming accepted as Public Enemy Number One. Here are a few ways by which others have solved the problems it presents

NEVER IN our industrial history have business leaders had so profound a desire to understand those for whom they must stand trustee: the employees, the suppliers, the customers, the stockholders, the community and the public itself. And they have taken action with characteristic rapidity. Sociologists, psychologists, psychiatrists, biologists, physicians, statisticians, economists, and analysts of many skills have been enlisted. Clinics, conferences, surveys, questionnaires, laboratory tests, and interpretative activities of a thousand sorts are the order of the day. Science has been put to work along the full frontier of knowledge to disclose the industrial implications of human behavior.

This is good and right, yet it is not enough. Somewhere there must be a beginning, a point of departure for executive thinking which will permit the complexity of scientific detail to be arranged in broad and yet simple pattern.

There are those who would argue that this design can become clear only when the facts of science have been gathered, analyzed and classified. Others maintain that a study of the history of human relationships will provide the necessary viewpoint. Others hold for the eternal verities which inspired minds have disclosed. To them, the Bible provides guidance. Finally, there are those who argue that each problem must be freed from preconception; must be dealt with on its own merits.

Here is the greatest puzzle of industry, if not of society itself. How have men approached it in the past? How well I remember the story of an executive in a mid-western plant. In charge



EDWARD F. WALTON

Do I get a job? How steady is it? How much do I get? What happens if I'm sick, if I die, if I'm laid off? Do I share in the business?

of personnel, he had in a few years established an extraordinary relationship with employees. Unerringly he had disclosed their needs and desires; and very ably he had effected means to satisfy them. When I asked him how he had learned to proceed so surely, he told me that, less than 20 years before, he had come to these shores, an immigrant, filled with hope and uncertainty. As time passed and his place in industry became more secure, he found early questions answered and others appearing. Like thousands of other workmen, he had been beset with a sequence of seven worries, which I set down in the order in which he gave them to me. They were:

Do I get a job?
How steady is it?
How much do I get?
What happens if I'm sick?
What happens if I die?
What happens if I'm laid off for old age?
What share have I in the conduct of the business?

When later executive opportunity offered, he set about finding answers to these questions capable of practical interpretation into company procedures. Upon these answers now rests his company's successful labor relations policy.

Here is a promising road to human understanding; the road of experience. When the chief may draw upon his personal recollection as a laborer in the mill or as a mechanic at the machine,

he unquestionably has an asset of great worth. Yet executives rarely may gain all the forms of experience necessary to their trusteeship. More than this, experience may rapidly become obsolete, as a guide to present-day understanding. Today's employees look at things differently even though the place, the facilities and the work are not too greatly altered.

Other devices have been found useful. I have a friend who has developed acquaintanceship with men in each of the categories which he must serve. Yet these are not of his industrial family, nor of his community. They find it easy to speak freely of their attitudes and of the trends which bring change to their outlook. This president feels these associations to be invaluable to him because of their steady influence upon his open-mindedness and humility before the facts of our rapidly changing world. Yet here he may not depend upon them too greatly, because these acquaintances face different conditions from the interests for whom he stands trustee, and medicine for one might be poison for the other.

Still another chief executive of a large organization told me that he had refused to undertake his current responsibilities until it was agreed that he should be permitted to spend several

weeks as a common laborer in the plant where he obtained first-hand knowledge of how his future employees lived and moved and had their being, and thus how they came by their current attitudes.

These procedures are clearly valuable, desirable, useful. Yet they cannot be enough for American business tomorrow.

The executive must lead

LET us try another tack. I know of general executives who take the position that, as it is clearly impossible for them to be experienced in all areas, they will surround themselves with men whose composite experience provides the necessary coverage, and then, through conference with them, come to decisions. I asked one of our most successful industrialists about this theory but he shook his head. He said:

I doubt if the chief executive can build sound decisions in this way. My observation has been that those concerns which have been foremost in progressive relationships have been those in which the president has himself led the way, often under heavy opposition.

At once it became clear to me that he was right; that such decisions must be executive rather than purely judicial; that they must be characteristic of a

single personality and dynamic with the pressure of a forceful and yet understanding temperament. Delegation of authority there must and should be, but not delegation of personal responsibility to each of these groups for whose interests the administrator is trustee.

Clearly, this is no new problem. It is as old as mankind. Indeed, the probabilities are that the administrative necessities of mutual understanding in past ages were even greater than today, because existence itself was often at stake.

More than this, the problem has been solved. Mutual understanding in bodies politic has made and remade the maps of the world, and misunderstanding has destroyed them. Leaders have understood the needs of their people long before the coming of factories. Trusteeships of so high an order have existed that the wearer of the crown was nicknamed "the Good" or "the Just."

Admitting that the problem today is more complex, more elusive and more demanding because of its more even balance of power among varied interests, yet I am convinced that business leaders of tomorrow will use the same fundamental approaches to solution as did their predecessors.

First, we should remember that we ourselves are very, very old. While our



One organization requires each general superintendent to walk through his department every day, maintaining friendly acquaintance and contact with employees

individual age may span two or three or four score years and ten, yet we are the product of millions of years. Because of this, we are all much alike. Indeed, our differences as human beings are infinitesimal as compared to our differences with other forms of life. It is this impregnable fact that lies at the base of all human understanding.

It is true that we differ, and in some ways profoundly. I remember a wise professor who once remarked to me:

Don't be rushed into thinking that intellectual ability varies between a marking range of, say, 50 to 100. The difference between extremes is probably nearer the ratio of one to 7,000.

I believe he was right.

Like human beings

YET—and here is the vital point—these differences are not of significance in matters of human relationships. The truth is that every man, whether of high or low responsibility, must of necessity act like a human being. One of our greatest creative scientists, after receiving many distinguished honors, was asked by a friend how it seemed to look back on a life so filled with important accomplishments. His response reflected his true greatness. He said,

After all, it just "came natural" to me.

It is naturally hard for the man at the top to see himself so candidly, to keep his feet on the ground with respect to those accomplishments which really merit the praise and position which he enjoys—and yet which, after all, have always come natural to him. Ability is, by and large, a God-given gift, and it is only proper that any acclaim that is forthcoming should ordinarily be accepted, and then be passed along to Him.

Second, we must remember that we understand best that which we are close to. Knowledge is absorbed in countless ways. Written words, photographs, hearsay are dismal substitutes for being on the spot. Someone has said that environments as well as people have children. To understand anyone's problem, we must go where he is and feel for ourselves the influences of the surroundings.

For many years one of our greatest industrialists whose headquarters was on the eastern seaboard spent every other week in a mid-western city. He told me:

I could easily call the conference here at my office and every one would be glad to come. But long ago, I learned that problems must be solved where they exist.

Third, we must remember that the other fellow's point of view is the point of departure, irrespective of rightness or wrongness. Away back in our childhood most of us got a wrong idea. The fairy stories were to blame. They led us to believe that the world was filled with good people and bad people. The latter were just out for mischief and no getting away from it.

Now when we are older we take it for granted that a lot of people who don't agree with us are descendants of those



He spent every other week in the Mid-West so he could see the problems at first-hand

old sinners who cried, "Fi, fie, fo fum!"

Here is more of truth than fantasy and for most of us a severe discipline is to forget our indignation and say, "Now why do you feel like that?"

Looking for mutual progress

EVEN harder is to allay the other fellow's excitement and lead him away from expletive to exploration and finally to explanation. Few chief executives are hired for their spleen. Conversely, the man who is sincerely fascinated with the possibility of mutual progress which may follow where two people conscientiously compare diverging opinions is the fellow whom stockholders' committees and directors are now scouring the woods to find.

Finally, and most curious of all, we must remember that the most natural thing a human being does is to understand the other fellow. We have spent millions of years getting along as a group. We never lived by ourselves. Understanding started at birth. All we have to do is to give ourselves half a chance and we can understand any one.

Here is a talent that we all come by naturally.

Where misunderstanding occurs, it is only because something has gotten in the way. The illusion that we are different, the illusion that distance from the scene of action brings, the confusions of prejudice or preconception; these are three of the principal reasons why we do not do that which is the most natural thing in the world to do—understand each other.

At this stage of development, our progress frequently results from the use of homely devices that have been found to work, although the reason for their success is not yet clear. A few such have come to light.

A common problem is to discover the presence of misunderstanding and to deal with it promptly. One large company gives every employee the monthly opportunity to turn in one "why" question, which will be individually answered without evasion or prejudice.

Another organization requires each general superintendent to walk daily through his departments, maintaining friendly acquaintance and contact with employees. When attitudes change toward him, he looks for the reason and often catches misunderstanding at its birth.

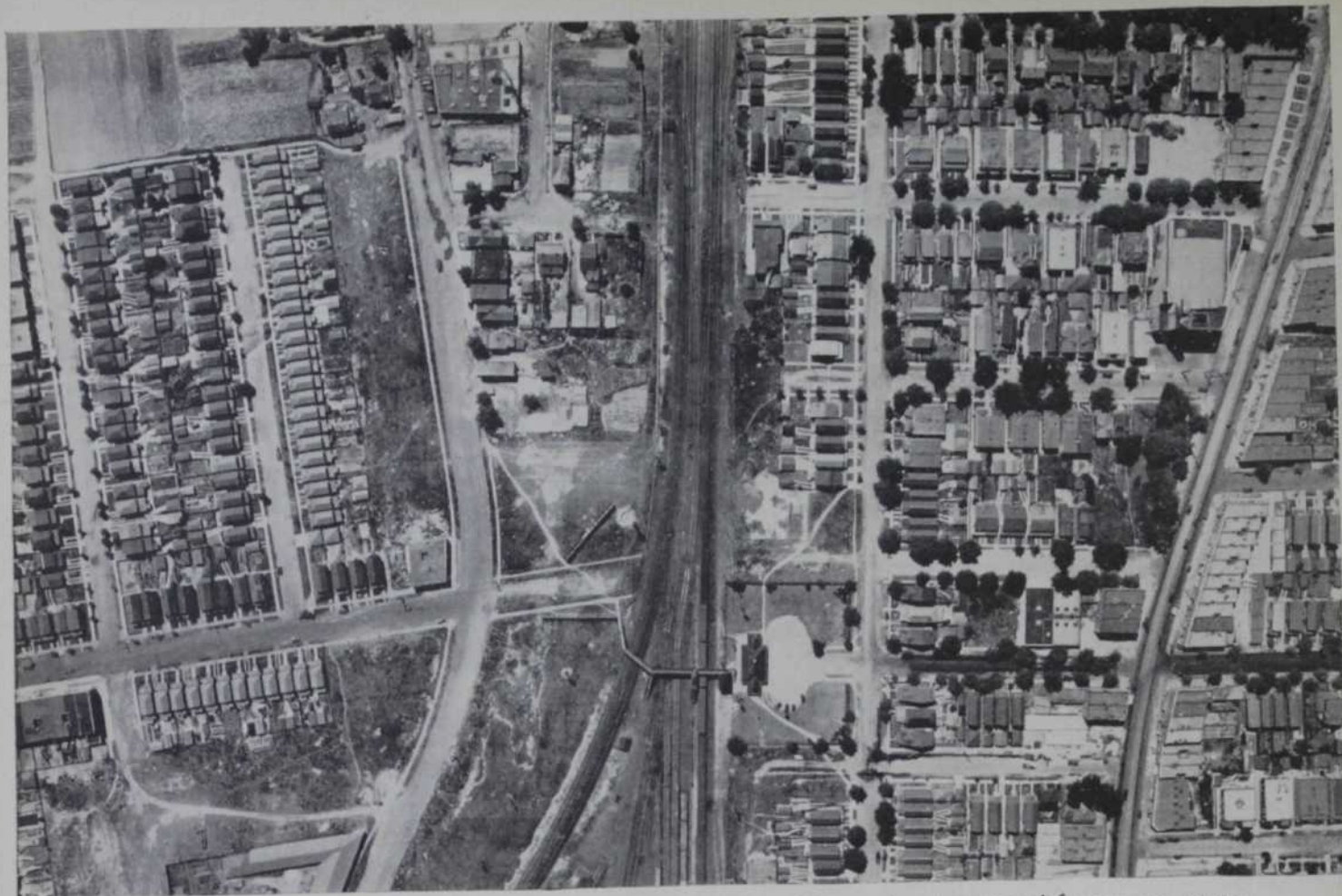
One of the ablest presidents I know told me that there is now a standing order in his company that any misunderstanding in any part of the

organization that cannot be cleared up within 24 hours, to the mutual satisfaction of both parties, is automatically to come to his desk. He said to me:

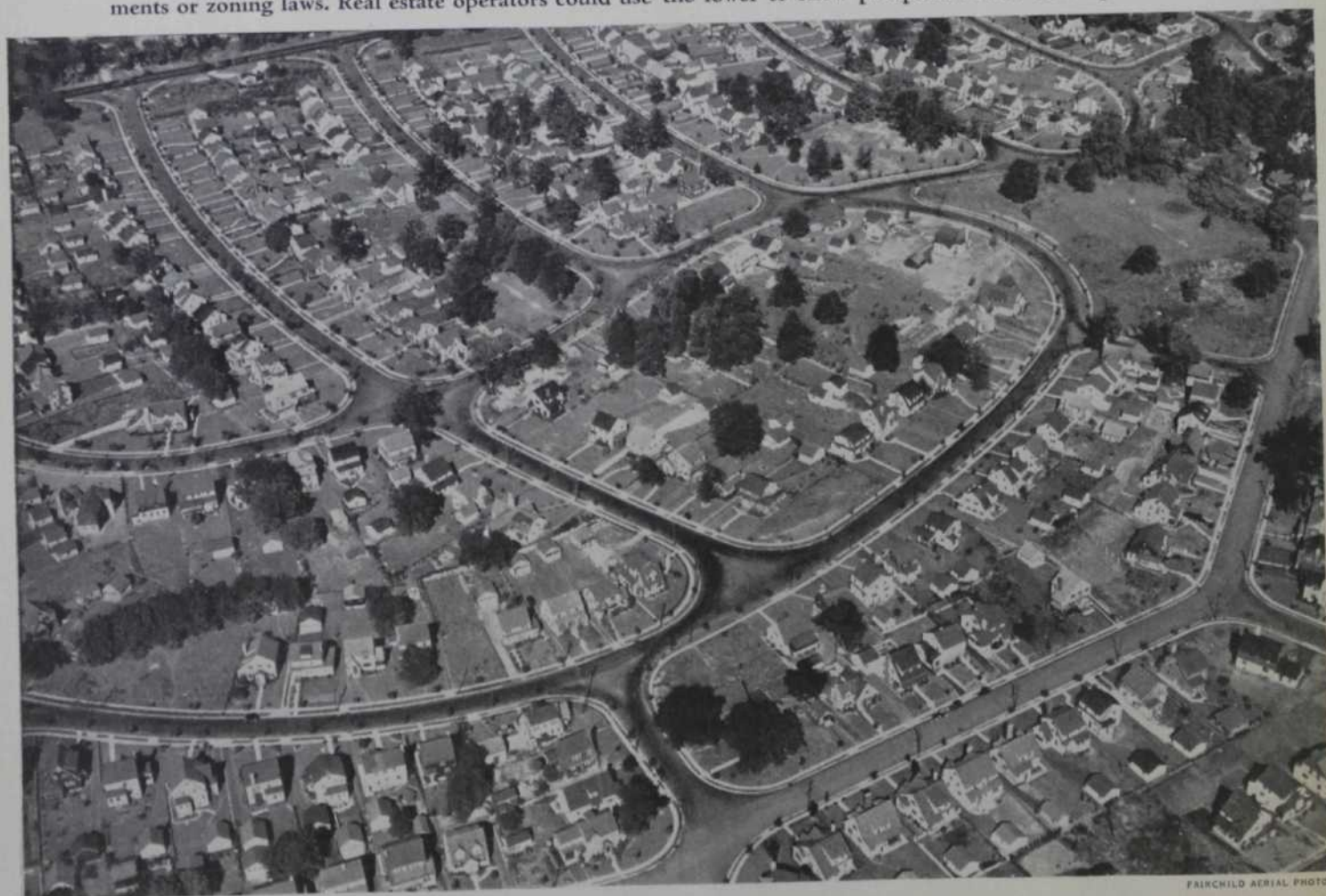
For years we have always tried to please our customers and refused to get angry when they had a complaint. We are just applying the same attitude to our associates in the plant for we find that their good will is no less essential to our success.

Yet perhaps the most constructive idea that I can offer comes from the thinking of M. P. Follett, who held that three things might happen when two people misunderstood each other. There might be victory for one and defeat for the other; there might be compromise when neither was completely satisfied; there might be integration by which a new solution was found that satisfied both parties—a sheer invention springing out of consideration of all sides of the problem. Even as we may make stepping stones out of our mistakes, it is often possible to advance from our differences, because it is out of comparisons that the new often emerges.

In any event, misunderstanding is rapidly becoming accepted as industrial enemy number one.



From photos like that above salesmen may plan their routes or cities work out more satisfactory tax assessments or zoning laws. Real estate operators could use the lower to show prospects a new development



FAIRCHILD AERIAL PHOTOS

Eagle's Eyes for Business

By HERBERT THAYER BRUCE

AERIAL photography provides a new tool which forward-looking salesmen, real estate operators and others are learning to use

WHEN THE mythological Icarus in fleeing from the Cretes flew too near the sun, melted the wax of his wings and fell into the sea, he was symbolic of man's early impulse to master the air. Today that impulse has been gratified. Aviation is playing an increasing part in advancing today into tomorrow. But, although most of us understand the airplane's value in transportation or war, many are still inclined to overlook a comparatively new field where aviation is now ready to play an equally important part.

With supercharged and oxygen fed airplanes capable of stratosphere altitudes, and with the aerial camera capable of photographic accuracy from fantastic heights, man can now map the earth's terrain for commercial and industrial purposes. Let us consider a few possibilities:

Perhaps the executives of a corporation manufacturing "do-dads" for sale to housewives are considering canvassing new territories. Not only must they consider the *per capita* wealth of each community to determine its buying power, but also the types of homes, how these homes are distributed about the community's center, how they are grouped or separated in the outlying sections, how interspersed with factories or farm lands.

Instead of sending salesmen into the field armed with statistics, sales quotas and a made-to-order sales talk, instead of sending out field men to appraise these territories before releasing the canvassing horde, the executives obtain aerial photographic maps.

These maps show each house on each street and the type of home as compared to its neighbor either in the same town or in an adjacent town. Sections of these mosaic maps, enlarged, will show the number of automobiles on the streets at a given hour, the number of



After studying this photo in their offices, engineers could attack a problem of soil erosion with accurate foreknowledge of the terrain

pedestrians even . . . everything, practically, but whether or not the prospect is at home. With these maps in his office, the sales manager is able more accurately to judge the sales conditions with which his men must contend; he can determine the average number of calls his men should make each day and obtain a fair estimate of the results to be expected.

Photo maps are helpful

USING enlarged maps of his particular territory, the salesman is able to plot his route with some foreknowledge of where he is going and how long it will take him to cover an area, because he sees the home at which he is to call.

Aerial photographic maps are also made-to-order for the real estate broker. The city salesman for a real estate development may offer his prospects a variety of choices of houses or plots before even taking them to the property. Development sites may be selected, plotted, laid out and architecturally designed from an aerial map. Cities the country across have used these maps for planning and zoning, for tax assessment or equalization. Urban traffic is controlled and new highways are planned. Parks have been laid out, notably, some years ago, the Golden Gate Park in San Francisco and Griffith Park near Hollywood.

Farmers use aerial mosaics for plan-

(Continued on page 98)

Leaders in the March of Business



Edmund W. Wakelee



W. F. Hufstader

E. S. Friendly
S. W. Reyburn
Howard Davis



Camille Dreyfus
and Mrs. Dreyfus

EDMUND W. WAKELEE, who has been an official of the Public Service Corporation of New Jersey for more than 20 years, is its new president. He has served 12 years in the New Jersey legislature, part of them as president of the Senate; also, as councilman for his home borough of Demarest. Also vice president, the Association of Motor Bus Operators.

W. F. Hufstader, general sales manager for the Buick division of General Motors, who reported that Buick sales for the first quarter of 1939 were the greatest in the company's history. His company delivered 46,675 cars in that period, breaking the old record of 44,935 cars sold in the corresponding period of 1938.

Samuel W. Reyburn was honored on May 16 with a dinner celebrating his 25 years' service to the Associated Dry Goods Corporation, of which he is Chairman of the Board. His first job was laborer in a saw mill in Arkansas. He later became a banker, and at 42 went to New York City to enter the retail business. While treasurer and president of Lord & Taylor he helped to reorganize the company, in 10 years wiped out a deficit of \$6,000,000 and paid dividend arrears of \$3,000,000. In 1931 he resigned to give more time to the other subsidiaries of Associated.

John S. Brookes, Jr., recently elected president of American Newspapers, Inc., parent of the Hearst properties. His former connections include counsel to the Koppers Company and directorships in Republic Steel, International Paper, Harbison-Walker Refractories.

Camille Dreyfus, president of the Celanese Corporation, whose company is building a new plant in Pearisburg, Va., has let the contract for the first buildings to Hughes & Foulkrod of Philadelphia. The company employs 9,000 persons at Cumberland, Md., New London, Conn., and Williamsport, Pa. The new plant will produce short staple fiber and new products including a high tenacity yarn for industrial purposes.

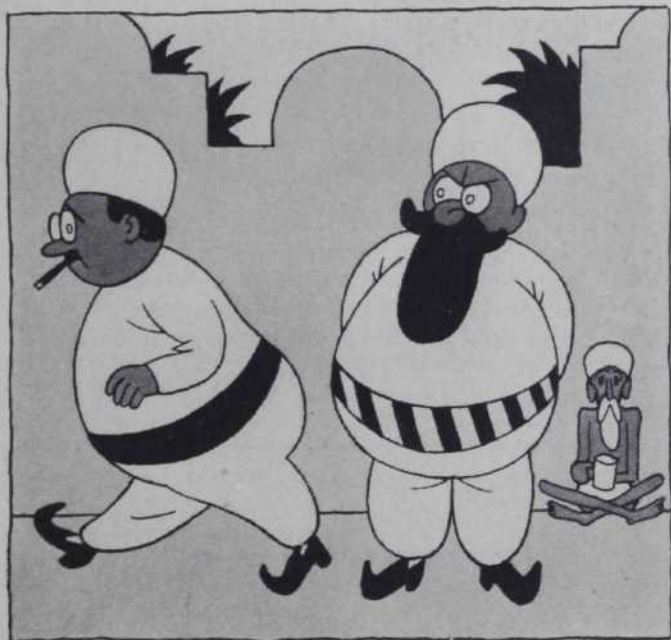


John S. Brookes, Jr.

HARRIS & EWING

ABOU DAN ADHEM'S DREAM

By PAUL McCREA



ABOU BEN ADHEM'S grandson, Abou dan,
Was one who also loved his fellow man,
And felt great grief each time he looked about,
Because, though some had much, some went without.
And, seeing this, he constantly proclaimed
That business men had ought to be ashamed.
He called them "money changers," blamed their greed
For every human suffering and need.
But, on the other hand, in Abou's eyes,
All men in public life were just and wise,
Completely faultless, honest and humane,
With no concern for selfish, private gain.
"So let the politicians regulate
The business men," he cried, "and keep them straight."
Abou dan Adhem, thinking thoughts like these,
Awoke one night from a sweet dream of peace
And, in his room, was startled to behold
An angel writing in a book of gold.
As quickly Abou dan sat up in bed,
The dazzling presence looked at him and said:

"Oh, Abou dan, thou pious man,
Thy mortal span is run.
Come now to grace that heavenly place
Thy earthly deeds have won."
"Wait, if you can," said Abou dan,
"For me, I do not mind,
But still I burn with real concern
For what I leave behind.
As you must know, while here below,
With energy and skill

I've toiled to make a modest stake,
I have not writ my will.
When I am gone who'll carry on
And handle my affairs;
Perpetuate my small estate
To clothe and feed my heirs?"
"Pray do not grieve for what you leave,"
(The Caller's voice was gruff.)
"Men are at hand to take command
Where you are leaving off.
Men large of heart, men known as smart,
Men blessed with varied traits,
Each claims he knows these, them and those;
Here, view the candidates:"

And now, before dan Adhem's startled eyes,
The forms of famous men materialize,
And on the left side of his bed he saw
Ickes, and F. D. R. and Morgenthau,
With Wallace, Hopkins, Eccles, each decked out
In saintly robes, all pious and devout.
While, ranged along the right, a fearsome horde,
Were Morgan, Giannini, Henry Ford,
With Willkie, Weir and Girdler, hateful in
The devil's robes of economic sin.
And, pointing to the rival retinues,
Abou's Celestial Caller challenged, "Choose!"

And Abou dan, that pious man,
Perspired and also trembled
As he surveyed the cavalcade
His caller had assembled.



CHARLES DUNN



Each troglodyte upon the right,
Unshriven, undefended,
Still gave the earth a dollar's worth
For every buck expended.
While those they faced, though sweet and chaste,
And popular and willing,
Had proved adept at naught except
Expensive rat-hole filling.
And Abou lay upon the hay,
Unhappily he pondered
His children's fate if his estate
Should stupidly be squandered.
The Angel's voice cried, "Make thy choice,
Pick one as your successor
Who knows the ropes; or pin your hopes
On theorist and professor!"

Abou dan Adhem sat and rubbed his head
Which he had bumped in falling out of bed.
And to his wife, awakened by his scream,
He said, "I've had a most disturbing dream."

The Share-cropper At Least Has a Job

SINCE the Civil War the South has had a class of farm laborers called share-croppers. But we also have millions of persons in towns and cities who are working for others and who have only their day labor to offer for wages. These millions are no better off—if indeed they are as well off—as the average share-cropper.

The average share-cropper gets his house rent free, his garden spot free, pays no water or fuel bill. He can also afford to be sick a week much more easily than can the struggling clerk.

Twenty-five years ago I met some of the first share-croppers I ever knew intimately. I hired them to work for me. They got free houses and garden spots, wood for the cutting and water for the drawing from the well. I allotted one negro man and his wife ten acres to share-crop, and two white men and their families ten acres each.

As was customary in the South, these people all worked for me at day labor at \$1 a day when not working their own crops. I could not give them work every day, but they averaged from two to three days a week outside of the cotton crop season, and in haying time and potato digging time, they were paid \$1.25 a day.

All the farmers in the neighborhood used the same plan, and were glad to have the share-croppers, because this assured them plenty of labor on their own farms when they needed it, and they all grew a variety of crops besides cotton.

All these crops gave our share-croppers fairly steady work when they were not busy with their cotton. Our land averaged one-half to three-quarters of a bale of cotton an acre. If it had averaged a bale or a bale and a quarter, it might actually have paid us better to have hired our cotton grown the same as other crops.

For the share-croppers we provided, when necessary, groceries each week up to what they would have earned had they worked a half week. We provided the land for their cotton, the seed to plant, the horses and mules and, of course, the feed for these animals.

At the end of the year we got half from the sale of each bale of cotton and half of the cotton seed. The share-cropper got the other half less what had been advanced to him in the course of the year. Frequently he made enough from day labor to pay for his groceries.

These were not hard conditions. On the farm he had work a good part of his time when not seasonally busy with his cotton crop, work not only for himself but also for his wife and children, who were paid by the basket for picking up potatoes, by the pound for picking in our other share-crop cotton on the farm, and by the bushel for picking peas, from 50 to 75 cents a day for such other light truck garden farm work as we had.

That was yesterday. What about today?

Let's look at an actual example to see how the share-cropper is doing.

Both yesterday (25 and 30 years ago) and today, cotton, the South's main crop, sold for approximately the same price. The necessary outside groceries the share-cropper has to buy cost him about 25 per cent more today than yesterday, but his wages for his extra day labor on the farm are also 25 per cent higher.

We will take the case of the share-croppers on rich river bottom farms that average a bale of cotton and better an acre, in the vicinity of Marked Tree, Ark.

Recently these share-croppers earned on an average \$752.77 each for their six months' labor in cultivating the 15 acres of cotton which each was allotted. They spent, on the average, \$127.05 or \$25.41 a month at the company commissary for clothing and groceries. The rest of their earnings was paid to them in cash.

In addition to this, each received free house rent (a neat little tenant house, too); free water and firewood; free garden spot; a place for poultry and free pasturage for live stock.

There were 186 of these share-croppers and 36 of them bought new radios last year.

So again I say the share-cropper's lot isn't so bad after all.

On the whole, the share-cropper fills a decidedly useful niche in the general plan of southern agriculture.

—HARRY B. TABER



\$1,000,000 worth of business brains waiting for Bill to give the order for the morning hike

Bill Brown Rebuilds Executives

By ORSON ANGELL

STORY of an Irish immigrant who has earned a fortune by compelling leading business men to do some of the things they do not want to do

BILL BROWN'S business is making business men do things they don't want to do. Hated but healthful things, like getting up at a quarter to six and going to bed at nine; like taking regular exercise; like smoking only after meals and only briefly; like foregoing alcohol. And making them like it—like it well enough to pay him well and come back for more.

How well they pay can be judged from the revenue figures for Brown's Health Farm, near Garrison, N. Y. Last year, business men paid Bill Brown about \$85,000. In 1929, his best year, they paid him \$160,500. Since he went to Garrison in 1909, this business of his has given him a fortune.

How well they come back for more is in Brown's records, also. Edward R. Stettinius, chairman of United States Steel, has been returning to Brown's regularly for 17 years. Bruce Barton, advertising executive and representative in Congress, has been a regular for



Bill Brown got what he wanted

ten years; Fayette R. Plumb, Philadelphia manufacturer, 15 years; Tom White of the Hearst publications, 25 years; Arthur Barnwell, New York stock broker, 12 years; Winfield Sheehan, formerly of Fox Films, 27 years.

Brown's guest list includes business and professional men from every state. They come to Brown too tired to sleep; too soft to walk more than a half doz-

en blocks; too nervous to digest their food—and he sends them back to their jobs rosy, robust and relaxed.

He starts by getting them up at a quarter to six in the morning. Never has Bill had a guest who didn't feel this was an unreasonable and ungodly hour. But Brown has a sound reason. He knows he can't restore these jaded customers of his to vigor and health unless they get to bed early. By getting them up before six, he finds they are ready to go to bed at nine.

So every morning Oscar Senger, Brown's straw boss, comes through the dormitory corridor, opening doors and closing windows, greeting the sleepy guests with a loud and hearty "Good morning." In three minutes Oscar is back, to see that the guest is up.

No one dresses in his room, but goes downstairs in his bathrobe to the locker room, where he puts on a gymnasium suit. Promptly at six Brown appears and leads his guests into the adjoining gymnasium. There he puts them through 45 minutes of exercise with dumbbells, bar bells and medicine balls. To the newcomer, 15 minutes usually is enough. Brown keeps a watchful eye on him and if he makes an honest effort to go through with the ups and downs, the bendings and twistings, then Bill gives him a break and wiggles a sympathetic thumb toward the exit, just before the customer de-

cides he can't bend one more time.

In the locker room, our forceful executive usually drops on the first stool he reaches. There Dan, the locker room boy, hands him a big mug of hot water to drink. It really tastes good, and revives the guest surprisingly soon. After a bath and a shave he is able to hold his own at the breakfast table for a much longer period than he survived in the gym. Breakfast includes fruit juice and fruit (not one or the other, but both); hot cereal, eggs, ham, bacon, sausage, cakes, and some more fruit for dessert.

Plenty of exercise

AFTER breakfast, the guest is free to smoke and read the morning papers until about 8:45, when Oscar notifies him that it is time to get dressed for the hike. For the beginner that is just a little three-mile jaunt, with Oscar setting an unrelenting four-miles-an-hour pace. After three days the tired business man hikes five miles; then seven; and by the end of the first week he glories in polishing off eight miles in two hours or a little less.

Back from the hike, he gets a bath and rub-down; a swim if he wants it; a thorough sunning, an oil rub and another bath.

The noon day meal starts with hot soup and goes right through meat, vegetables and salad to pie. Hot cereal is available for those who need a little

something more to fill in the crevices.

Afternoons are easy-going. No prescribed exercise, just so the customer gets up another good sweat. Horseback riding, golf, tennis, handball, horseshoes all have their participants. Some unimaginative guests just go for another hike.

By 4:30 the locker room fills up again with men healthily tired and enormously hungry. The afternoon bath includes a salt rub for those who want it and a nap under the sun lamp.

Supper is another big meal; meat, potatoes, fresh vegetables, green salads and always plenty of fruit. Then a smoke; bridge, checkers, billiards, reading, or just quiet man-talk in the big recreation room. And to bed by nine.

Part of Brown's technique is kidding. He knows he can't get obedience by giving orders to men who are accustomed to giving orders themselves, rather than taking them. He can forbid cigarette smoking but he can't enforce the rule by any established school-master practice. He can, however, with light and sharp Irish wit, make the fellow who sneaks a smoke feel just as ashamed and embarrassed as any school boy.

One Sunday morning, running his eye over the six o'clock class, Brown missed a guest who had ducked the early exercises.

"Where's Mr. McGowan?" he asked.

"He went home last night," a friend

replied, "so he could go to church this morning."

"Sure," said Bill, "this place is a great religious influence. Men go to church from here who have not been in years." Hearing the comment from faithful guests when he returned, Mr. McGowan decided thereafter to attend service in a nearby parish, where Bill passes the collection basket.

His guests usually can take it

SINCE a man doesn't become a successful business executive without developing will power and self-control, Brown finds his guests willing to go through with the regime he sets for them. But often, along about the third day, tired bodies and aching muscles overcome strong wills. Executives long accustomed to physical ease say:

"To hell with this!" and hunt up Brown to hand in their resignations.

"Sure," says Bill, "go on home, and an early grave to you! I knew when you came you wouldn't last. It takes guts to get yourself in shape. I didn't think you had 'em." They stay, and in the end bless Bill for being tough.

On this simple formula Bill Brown, Irish immigrant, who began his American career on a New York ash cart, has built a business that fits all his early dreams. He wanted a competence; an active existence; a home in the country; and staunch friends.

All these he has.



Evenings at the health farm are short and quiet. Some play games, some read, some just sit and talk but everybody is ready for bed by nine o'clock

The KEY to RECOVERY



LOHR

AFTER YEARS of political experiment, the nation is again turning to business men as the only group who can give this country the \$80,000,000,000 annual income it once enjoyed. Accepting this responsibility, representatives of 750,000 business men met in May. Here is the program outlined and the discussions leading to its adoption



President W. Gibson Carey, Jr., of New York (left) and retiring President George H. Davis of Kansas City, Mo.

WIDE WORLD



Members of the press corner President Carey immediately after election

LOHR

The KEY to RECOVERY

A Report of the Twenty-seventh Annual Meeting of the Chamber of Commerce of the United States

By FRED DeARMOND

FOR the tenth successive time the Chamber of Commerce of the United States has convened in a lean year to canvass ways and means of restoring the fat years of the past. But when some 1,800 business men gathered for the annual meeting in Washington May 1 to 4 they found themselves for the first time to be practically of one mind as to the cause of the continuing log jam in business and the way by which it can be removed. Old timers said they could recall no such unanimity in recent years.

The locked door to Recovery is labelled "Confidence" and nearly every speaker offered a key to open it. All patterns exhibited a singular unity. President Davis, in his keynote address, asserted that basic handicaps prevent business from expanding or starting new enterprises which would absorb some 10,000,000 to 12,000,000 unemployed Americans.

Progress depends upon Incentive, New Ideas and Money.

There is no lack in the second and third requirements, but the first is almost entirely absent. Reform legislation and a deliberate government policy of fostering discord and hate are sealing up Incentive's coffin.

"The nation is on a summer vacation at a costly resort while the winter's coal bill remains unpaid," the retiring president said. But:

In this country we are always safe when the people understand the facts. Now, they do understand. The signs are everywhere. Like a mighty army marching, the American people are aroused at last, as they realize the dangers to their freedom. Now, America is fighting for the preservation of its own life. Victory is in sight!

Before President Davis uttered his keynote, National Councillors from the six districts, in one of the liveliest features of the whole meeting, had reported on conditions in their sections and "opportunities for improvement." East met West and North exchanged compliments with South. All the speakers disclaimed any ability to speak for such large territories—and then with engaging frankness proceeded to do just that.

John W. O'Leary, chairman of the Executive Committee, reported to the councillors on the satisfying results of the Chamber's work in the year just ended. Divisional Councils have been set up with an underlying organization of 34 state and district councils that have enrolled 1,533 active workers. The "What Helps Business" program has proceeded at an accelerated pace. More local chambers and trade associations have participated and the distribution of publicity material is five times as great as in the first year.

George H. Davis:

There is no scarcity of money. The only scarcity is of confidence in the future.

W. S. Rosencrans:

We must show that we believe that certain things are dangerous for business, that we believe that they are dangerous for many, that we oppose them quite honestly and frankly because we are afraid that we are going to lose our shirts, and that we believe if we lose our shirts they may lose more than their shirts.

"What Helps Business Helps You—Less Taxes More Jobs" has reached the proportions of a national war cry of embattled business. Mr. O'Leary said:

The \$80,000,000,000 national income reached by the United States in the 20's was attained in a period of reduced taxes and declining national debt, supported by amicable relations between employee and employer and a minimum of interference by government. When those conditions prevail once more we will again see the free flow of capital necessary to re-employment and national well-being.

Bernard F. McLain:

Admitting that the citrus grower in the Rio Grande Valley complains when the frost kills his grapefruit and the midwest farmer grumbles when a drought burns up his grain, nevertheless, they do not seem to get quite as discouraged as an eastern business man on the wrong side of a falling market.

Harry C. Carbaugh:

Labor and business should get together because if business in this country goes down, organized labor will go down with it.

Robert M. Gaylord:

The sale of capital goods is low because the buyers do not see profit possibilities through their purchase. I think the first hindrance has been the fear of war. Second, government laws, policies and attitudes tend to make business risks overwhelming.



Harry C. Carbaugh, president, Tennessee Egg Co., said maybe the Supreme Court was packed after all

of business conditions. Cotton is the immediate first concern, with exports at a very low ebb.

Alfred E. Smebey, editor of *Markets*, said that diversification of crops is not an exclusively southern trend. Corn and wheat farmers in the Dakotas and thereabouts are taking it up in a big way. He named South St. Paul as the second largest livestock slaughtering point in the country. (That must have raised the eyebrows of loyal citizens from Kansas City and Omaha.) Minnesota business has high hopes of its new Governor, who seems to be friendly.

Speaking for the Southeast, Harry C. Carbaugh, of Chattanooga, declared it to be the frank opinion in his district that business activities are on an artificial and unsound basis because they are stimulated by unwise government spending. The South doesn't relish being patronized with such labels as "Economic Problem No. 1." Southern business finds it hard to believe that the Administration is not out to destroy the American economic system. It is afraid the Supreme Court has been packed, after all. Slight concessions or "appeasement" will do no good:

Actions, not words, will have to speak for Washington.

Robert M. Gaylord, President Ingersoll Milling Machine Co., Rockford, Ill., said that the North Central region is expected to hold its own this year and probably show a slight betterment over 1938. But the capital goods industries, centered strongly in that region, still lag because buyers do not see profit possibilities ahead. Most of the unemploy-

ment is in the making of capital goods. The country does not suffer because it saves too much. It suffers from destructive reform. Mid-West people know what the professors seem not to know:

You can dehorn a cow without cutting her head off.

W. S. Rosencrans, vice president, Winthrop Pumps, spoke for the Far West: "For a long time we tried to be optimistic, then we were cheerful, recently we have been resigned."

Business in his section has decided it must court the public, especially those elements that are either indifferent or hostile. Chambers of commerce no longer think of themselves as organizations for the benefit of business, but proclaim as their objective better living for all in their communities.

"We must sell the other fellow the truth that 'What helps business helps you.'" There must be more unity in business.

The East was represented by W. Atlee Burpee, Jr., of Philadelphia. There is no confidence, said Mr. Burpee, principally for three reasons: excessive taxes, war jitters and distrust of government. We should pay less attention to the latest rumors from Europe.

As the last councillor took his seat and the applause subsided, a Delegate from New Jersey nudged me in the ribs.

"More unity, they want. I like that. And the speakers are setting a good example. There's no conflict about principles in their reports. The only reason the Tugwells and Corcorans have got away with hijacking business so long is that some business men talked as though they liked it. They wanted



J. G. Geddes, V. P., The National City Bank of Cleveland, asked James A. Farrell (left) a few questions in the Mayflower lobby. Mr. Farrell is chairman and Mr. Geddes a member of the Foreign Commerce Committee

S. Clay Williams:

Complete reestablishment of your faith in the American enterprise system and your re-dedication of yourself to the task of defending it and of saving yourself the opportunity of operating under it as the only system in all the world that can so efficiently serve the standard of living of the people of this country is your first task.

Senator Pat Harrison:

If economies are to be employed by this Government—if expenditures are to be reduced, it will be because such a sentiment has been created back home and the demands made upon the Congress for such a policy.

Hugh S. Magill:

I am convinced that the great body of prudent, hard-working men and women for whom I would speak today are refusing to put their dollars to work because they know from experience that, when debts are incurred, they must some time be paid if credit is to be maintained. They are not persuaded that either governments or individuals can engage in a wild orgy of spending on the assumption that they will thereby restore prosperity.



Eliot Wadsworth presided at International dinner. J. Stanley McLean, president of Canadian Chamber (left)

Thomas J. Watson, president of International Chamber, visited with Mrs. McLean and Mrs. Wadsworth between speeches



Eugene P. Thomas, expert on Latin-America, at foreign trade meeting



A delegation of 35 prominent Finnish business men attended the International Chamber dinner. Finns were roundly cheered when their Minister Procope was introduced at opening session



Julius Alanol (left) and R. v. Fieandt, chairman of the Finnish delegation and prominent banker of Helsinki, Finland

to be known as 'liberals' but they were only stooges for a new kind of socialism. The politicians could say to the public: 'Business has been giving the country a raw deal; you see, some of its leaders admit it.' For every honest blast against this collective stuff they could cite a weak apology from business men themselves or their organizations."

A PACKED ASSEMBLY on Tuesday heard from S. Clay Williams, Chairman, R. J. Reynolds Tobacco Co., Winston-Salem, N. C., the reminder that, for the first time in American history, we are now closing a decade in which the standard of living has not been raised. The country has been built on the venturesome dollar; every dollar owner wants to put it to work. But he is afraid. The result is economic stagnation.

The task of restoring the old American confidence and assurance is in large part up to government but there is one important thing business can do, Mr. Williams pointed out. That is to remind its neighbors of their own tremendous stake in healthy business.

The constant reiteration that business must be run in the interests of public welfare surprised and confounded business men until they forgot, or at least failed to assert, that this is precisely what they have been doing. In fact, that very condition is assured by the mechanism of free enterprise. Ultimately no business can succeed that does not follow the formula, "more goods for more people at less cost."

"Business in this country is due to be made secure, all other reasons aside," he said, "for the sake of the neighbors of business—the American people."



Clay Williams—keeps calm with a Camel

**DeValera's green shirts
backs against the wall,
Mussolini's black shirts
riding for a fall.
Hitler's brown shirts
lording over all,
Thank God for Gandhi
with no shirt at all.**

Thus did Dr. George Barton Cutten of Colgate University, the man who proudly bears the label, "the most reactionary college president in America," bestowed by a well known magazine, regale a luncheon audience in the Willard grand ballroom. Dr. Cutten thinks there are certain advantages to the race in Nature's way of developing leaders through the survival of the fittest. Cooperation is becoming insipid; competition is the thing.

Some agree with what social reformers are attempting but disagree with their method; Dr. Cutten has no use for either. Progress doesn't come through comforts but through paying the price.

"Nothing but destruction is ever accomplished through the mob. In herding together men merely pool their weaknesses. Strengths are saved for individual efforts."

George Barton Cutten:

I would rather have old people, of which I am one, suffer than to have the race go soft because, if the race goes soft, everybody suffers.

Thomas J. Watson:

With the proper flow of goods and services both ways across borders, there will be no soldiers marching across those borders.

James G. Stahlman:

The politician will continue his efforts to take the profit out of business until business makes up its mind to take the profit out of politics.

Alfred E. Smebey:

In my capacity as editor of a market paper, I come in personal contact with hundreds of individual farmers, and during the past several months a big majority of them have reported that they have made money and were well satisfied with prices.

Senator Harry F. Byrd:

Removal and modification of tax barriers to business progress should not be delayed, but, after all, remember that expenditures regulate taxes. As long as we spend two dollars for every one the government receives long range tax reform, so vital to business recovery, remains unattainable.

Sir Willmott Lewis:

Today, with the twentieth century not half spent, the democracy which began as a challenge to the world, finds the world a challenge to democracy; and the men of today, masters of all other living things, shudder at the thought that they are not masters of themselves. It is true today—as it was 2,000 years ago when Livy said it—that the remedies for the ills from which we suffer have become as unbearable as the ills themselves.

Eliot Wadsworth:

In spite of the political uncertainties, I still believe that business men of different nationalities can sit down together and talk business. Business men can be loyal to their countries, but exchange ideas for their own mutual benefit.



Walter Howe of the Olean, N. Y., Chamber of Commerce, D. F. Baker, an investment dealer of Walla Walla, Wash., and George T. Holmes, a tax specialist of Louisville, made a hit at the tax session when they told what their own communities were doing to cut taxes. Here they are on the U. S. Treasury steps in the shadow of Alexander Hamilton's statue expressing their hope that Uncle Sam may also learn how to do some cutting.

If there were any clergymen in the room they carried this theme away with them for possible use in a future sermon:

I think God is reactionary, doing things the same as He did 20,000 years ago. I suppose the young people say He hasn't an open mind because He doesn't do things in the modern way. If He did, girl babies would be born with hair-line eyebrows, purple lips and green finger nails. And, if God were open minded, the boy babies would be born with one shoulder lower than the other, so they could more conveniently lean on a shovel.

At the Tax Conference which convened immediately after Tuesday's luncheon, Chairman Fred H. Clausen listed among the principal tax deterrents to recovery the undistributed corporate earnings tax, inequitable capital gain and loss provisions, excessively high surtax rates, and taxes on intercorporate dividends. He called for the carrying forward of operating losses, provisions for consolidated income tax returns by closely affiliated corporations, a pay-as-you-go basis for the old-age benefit feature of Social Security, and adoption of an experience basis for unemployment insurance rates.

"The most wasteful and autocratic bureaucracy that this or any other country has ever been afflicted with."

In these words Harry F. Byrd, Senator from Virginia and champion of the "curious" doctrine that national debts must be paid (see Mar-

riner Eccles' letter to him), characterized the present administration. Business need expect no economy from it, he declared further. As to the effect of high taxes, he said:

We have never enjoyed prosperity or substantial business expansion when the total tax collections—local, state and national—exceeded 12 per cent of the national income. Our governments are now collecting in taxes 20 per cent (Dr. Moulton placed it at 22.8 per cent) and spending 30 per cent of that income. The difference, which represents deficits, is being added to the public debt.

But, like another Senator who spoke later, he warned his audience that a reduction in total taxes can only follow retrenchment in spending.

The second speaker at the Tax Conference, Dr. Harold G. Moulton of the Brookings Institution, began by stating the whole recovery problem succinctly as THE EXPANSION OF PRODUCTION. Only thus can unemployment and the "appalling burden of social relief" be eliminated and financial stability assured. Again and again in the sessions this clear note was repeated. Not dividing up what we have but producing more, is the business formula for the abundant life.

Dr. Moulton answered a question that is on many lips these days:

Why hasn't the Government's credit been affected by all these financial follies?

The lack of satisfactory investment alternatives is the reason. Borrowed money still flows into the Treasury because it has nowhere else to go. The Government, by driving down interest rates and making private enterprise more and more hazardous, becomes the dominant competitor for the nation's savings. But its vast deficits have gone in the main



Jesse A. Bloch, president of the Bloch Brothers Tobacco Company, Paul Litchfield of Goodyear (center), and Charles E. Bockus (right), president of the Clinchfield Coal Corp., were on hand early Monday morning

Dr. Harold G. Moulton:

The primary need at this time—outweighing every other consideration—is the stimulation of capital expansion.

John A. Stevenson:

As I see the situation, the Government's social security program should enable each member of our working population to look forward to having the absolute necessities of life after reaching retirement age. Beyond the point of assuring these necessities, in my opinion, compulsory plans for providing old-age security should not go.

Laurence E. Falls:

The dereliction of one individual in an industry employing many thousands of workers, and honestly earning a fair dividend upon millions of dollars of investors' savings, is seized upon by the unthinking public as a juicy bit, and magnified to acceptable evidence that the whole industry is rotten.

Matthew Woll:

Is this not the time when representatives of labor and of capital, of employers and employees, might well meet in conference to determine a program of education and action that will result in concrete steps toward a nation-wide analysis and correction of governmental costs and a corresponding lessening of excessive and burdensome taxes?

H. W. Prentiss, Jr.:

Economic planners believe that somewhere there actually exist individuals who have the capacity to plan the economic affairs of the whole nation. As a matter of fact, there is not enough information and ability available today to correlate the activities of any single industry, let alone the infinitely complex interests of the entire country.

Arthur M. Hill:

As long as the railroads are in distress, the whole field of transportation is bound to be in an upset condition and business in general will continue to suffer.

for consumptive purposes while the capital structure of the nation, un-replenished, is steadily being weakened.

Matthew Woll, vice president of the A. F. of L., examined the tax question from the viewpoint of its relation to jobs. He showed that no one should be more concerned by the tax drain than the worker, professional man or housewife. Taxes out of proportion to government's function act as a barrier to increased wages or salaries and by raising the cost of living cut the purchasing power of pay envelopes.

"Labor knows that its future is closely related to the profits of industry and is therefore concerned with tax burdens and inequalities just as business is," said the A. F. of L. representative. There should be a complete revision of the tax laws and labor would welcome a conference with business to develop recommendations to that end.

Local efforts to do something about taxes were recounted by D. F. Baker, of Walla Walla, Wash., George T. Holmes of Louisville, Ky., and Walter Howe of Olean, N. Y. Mr. Howe asked why the A. F. of L. had fought against a seven per cent cut in Governor Lehman's record high budget in New York State, but Mr. Woll had left the room and there was no answer.

As we were heading for the elevators after adjournment a Delegate from Missouri had something on his mind. "Nearly any business man would agree 99 per cent with everything Woll said. But what I want to know is, how far can he go in 'delivering' A. F. of L. members on that platform? Will they vote as he talks? Old Sam Gompers was a sound man on abstract economic issues, but when it came to cleaning up the labor abuses he didn't get very far. I believe the A. F. of L. leaders are much more conservative than the rank and file, but the C.I.O. leaders are more radical than their followers."



Thomas H. McInnerney, president, National Dairy Products Corp., turns to find cameraman greeting him at cashier's window, Mayflower hotel

WHILE TAXES were being dissected, the transportation people conferred in a corner of the main ballroom. Their deliberations were mainly an effort to compose differences between the railroads on the one hand and the water and motor carriers on the other. The railroad representatives, while in agreement with the findings of a recent special Transportation Conference of the Chamber, believe those recommendations did not go far enough. They want motor and water transportation placed under regulation similar to that imposed upon the railroads. The trucking and shipping interests consider this proposal to be inequitable.

Arthur M. Hill, the Chairman, restated the Chamber's objectives, including the preservation

of private ownership, withdrawal of government competition and special relief legislation for the railroads. He was followed by David H. Howie of Boston, who asserted the time is not ripe for legislation looking toward fundamental reorganization of the railroads. In the meantime he felt that temporary assistance should be given them by Congress without establishing a new policy.

The railroads' hope for an equalization of subsidies and for legislation that would remove some of the federal restrictions now hampering them was voiced by R. V. Fletcher, general counsel, Association of American Railroads.

Speaking for motor and air transport, R. D. Horton, of the Horton Motor Lines, said:

We feel that the attempt to put our industry under the same form of regulation as that placed on the railroads can produce no good in the general transportation picture. The only result would be to hamper the services we are now able to perform.

W. H. Day, of Boston, a spokesman for the shippers, stood particularly on the principle of continued private operation of all transportation agencies and the preservation of the Interstate Commerce Commission as an independent tribunal reporting only to Congress.

Railroad consolidations and coordinations to eliminate waste were urged by Leslie Craven, representing railroad security owners.

Frank J. Taylor, president of the American Merchant Marine Institute, supported Mr. Horton's position. In his opinion, for the Government to extend to motor, air and water carriers the same degree of control it now exercises over railroads would not spell equality or advance the freedom of enterprise.

I also learned something of what was said about "Industry's Preparation for National Defense" in a forum held on the main floor. From reports by those who attended it, the National Chamber is not in the doghouse with at least one Government department in Washington. Said Col. J. H. Burns, executive officer to the Assistant Secretary of War:

"The Chamber of Commerce of the United States has been a powerful friend of the army in peace and in war."

Our home front is equally as important to the winning of a war as the fighting front, the Colonel told his audience. It takes mass production industry to produce mass killing and devastating machines. War implement designs and specifications must be changed constantly.

Col. Walter C. Cole of Detroit explained the importance of accumulat-



B. W. Onan, electrical goods manufacturer of Minneapolis, is telling Fred A. Hespenheide of York, Pa., how his company has continually increased its pay roll without a let-up ever since 1930

Col. J. H. Burns:

In war, increased regimentation of the country is inescapable, but I take it that most of us sincerely desire to keep that increase to the very minimum. The more orderly the approach to the problem and the better the plan for solving it, the less will be the increase in regimentation.

Frank J. Taylor:

We are opposed to any program which deprives an existing industry of its natural advantages. We propose to exert every effort to maintain our services on the sound and economic basis which in the long run is our real justification and sole guarantee of existence.

Dr. William S. Culbertson:

We must give proof by example that the system of private enterprise, resting on personal saving, on cooperation between labor and capital, and on responsible management, is still the system by which we can restore the world to sanity and prosperity.

Col. Walter C. Cole:

The United States is *not* self-sufficient for either its peace time needs or its war time requirements. Although we possess tremendous natural resources, our deficiencies are numerous and so serious, should we become involved in a major war, as to constitute a great hazard, unless steps are taken to acquire stock piles of materials in which we are deficient.

J. Frank Grimes:

The 1938 farm income was \$7,632,000,000. Agricultural income should be built up to a minimum of at least \$11,000,000,000 a year. It would be virtually impossible to have any serious or prolonged depression with agricultural income at \$11,000,000,000.

W. Atlee Burpee, Jr.:

The public wants something better, something different, than it has had before; we have got to streamline industry. Each of us can tackle that problem himself, but it has to be done, we have got to dress up our goods and make them more attractive to the ultimate consumer.



H. D. Horton, president of Horton Motor Lines, with Harvey C. Fruehauf (right), whose trailers are important units of motor transport fleets

ing strategic war materials, the weakest economic link in national defense. Strategic materials are those which must be obtained outside continental United States or for which we have no satisfactory substitutes. In our case they are principally aluminum, antimony, chromium, cocoanut shell char, manganese, Manila fiber, mica, nickel, optical glass, quartz crystal, quicksilver, quinine, rubber, silk, tin, tungsten and wool. He emphasized:

When war comes, even the richest nation in the world cannot buy time to build up its stocks of strategic materials.

Admiral Leahy, Navy Chief of Operations, pleaded for additional naval bases in the Atlantic and Pacific oceans to keep American trade lanes open.

Just across the corridor, a fourth conference arranged jointly by the Domestic Distribution and Agriculture departments of the Chamber tackled the problem of stepping up distribution of agricultural and industrial products. Clem D. Johnston, vice president, and Harper Sibley, former president of the Chamber, were co-chairmen.

J. Frank Grimes, president, Independent Grocers Alliance of America, undertook to reconcile two conflicting admonitions of the economic kibitzers:

Reduce prices so consumers can buy.

Raise farm income, increase wages and pay rolls so consumers will have more purchasing power.

"To follow the counsel of some economists, business would be trying to perform the miracle of paying a worker \$2, as a producer, to make a pair of shoes and then selling these same shoes to him, as a consumer, for \$1.50. While we cannot have low prices and high wages, the puzzle is not insoluble," he said. Starting with the premise that low farm income more than anything else is holding back business, he suggested several ways by which the distribution and consumption of farm products could be accelerated to the great advantage of the whole economic structure.

First, is Secretary Wallace's "Stamp Act" Plan for feeding food surpluses to the needy.

Second, is that form of organized cooperation between growers and distributors which was employed successfully last winter to break a market glut in citrus fruits.

Third, is research to develop new uses for what the farmer has to sell.

Fourth, is the acceptance of a lower price level in the export market than that required domestically. Forced or voluntary curtailment of production he considered a sign of defeat, and efforts to maintain the same price in the open world market as at home entirely futile in the case of many items, because our wages and standard of living are so much higher that most other countries can undersell us.

L. D. H. Weld, director of research, McCann-Erickson, Inc., offered one reservation to the general theme of most speakers at the conclave. He agreed that, in the long run, increased investment in private enterprises to create capital goods is the only way to make recovery self-sustaining and permanent. But, as things are now, he felt that this expedient would not immediately cure the situation. Markets cannot be expanded quickly to take care of increased production. The first need is a better market and that can come only from greater buying power, lower prices, or both.

(This is the old question of which end of a cart a horse should be hitched to, or at what point can the perverse circle of depression be arrested. A contrasting view was presented in the speech of Fred I. Kent at the general session held Thursday morning.)

People continue to complain that the cost of marketing is too high, that "something ought to be done about it," but some of these same objectors, said Mr. Weld, are loudest in demanding that the chain stores be taxed out of existence, notwithstanding that they are "the most efficient cost-reducing mechanism that has appeared" in the field of distribution.

A Delegate from Colorado was unburdening his mind just after the conference sessions. He had listened in on Distribution. "It strikes me, boys,



Silas Strawn, Gerrish Gassaway and Lammot du Pont (right) applauding Clay Williams' speech. Mr. du Pont was one of the best listeners at the meeting. He sat in a front row at every general session and took copious notes.

L. D. H. Weld:

There is plenty of loose capital lying around. It is cheap. Interest rates are extremely low. This capital will flow into those industries that need it when there is a market for their products and when there is a prospect of making a profit.

Fred I. Kent:

When Government stands in the background ready to take large percentages of any capital gains and refuses to allow the deduction of losses except from other gains of the same character in large part, the expansion of going enterprises and the establishment of new ones cannot proceed.

John W. O'Leary:

We recognize that legislation based on a new philosophy has been enacted. We are conscious that return to the conditions existing prior to the depression would eliminate with the bad, some good reform. So, in realistic fashion we should strive to keep the good and revise the bad.

that these men are not so outspoken and vocal against reform government as they were a year ago. What do you think?"

"I suspect that's because you have been changing, yourself," was the response from another in the knot of talkers. His voice as well as his badge placed him as a Vermonter. "Last year the speakers were thinking farther ahead than you were, now you've passed them. My impression is that the New Deal-Business honeymoon ended two years ago, and the temper of this meeting shows that a divorce is next."

James S. Kemper:

The Health and Fire Waste Contests have demonstrated that the old pioneer way of getting a hard job done still is effective. Voluntary self-help by local communities is responsible for the success of these contests. May I suggest that the same treatment may be the answer to many another American problem that today is perplexing us.

George H. Davis:

The manufacturer with an improved product at less cost not only gets the market, but also actually contributes to higher standards of living and of civilization. Are we not justified in applying the same yardstick to the "products" of government? Can we not, in fairness, ask of those upon whom falls the responsibility of government whether or not their "1939 model" does look better, run better, last longer—and, most important of all, cost less?

Bernard F. McLain:

It should be remembered to the everlasting credit of the United States Chamber that it fought courageously for the fundamental principles of Americanism when some of our most cherished institutions and traditions were under powerful attack.

TWO important dinners were held simultaneously Tuesday evening. The American Trade Association Executives heard Edward J. Noble, executive assistant to Secretary of Commerce Hopkins, sub for his chief in presenting the A.T.A.E. award for outstanding trade association achievement. The honor this year went to the Portland Cement Association for its effective work in promoting the use of cement in the construction of "farm



J. Whipple Green receives award for Cleveland from Lee J. Dougherty

Top Honors for Health Conservation

AN important feature of the meeting was the awarding of honorary plaques to cities and communities that have most effectively met the health problems of their areas. The contest is promoted annually by the Chamber in cooperation with the American Public Health Association and financed by a group of life insurance companies and the W. K. Kellogg Foundation. The presentations in the various classes were made by Lee J. Dougherty, vice president, Occidental Life Insurance Company: over 500,000 population, Cleveland; 250,000 to 500,000, Providence; 100,000 to 250,000, Grand Rapids; 50,000 to 100,000, Newton, Mass.; 20,000 to 50,000, Plainfield, N. J.; less than 20,000, Englewood, N. J.

Special awards were given to the following cities, each of which has, on two or more occasions, won first award in its population group and which maintained their previous high standards during 1938: Baltimore; Brookline, Mass.; Detroit; Greenwich, Conn.; Hackensack, N. J.; Hartford; Newark; New Haven; Pasadena; Schenectady; Syracuse.

Rural awards for winners went to Cattaraugus County, N. Y.; Wicomico County, Md.; Charleston County, S. C.; Los Angeles County, Calif. and the Canadian winner, St. Jean-Iberville-Laprairie-Napierville County Health Unit, Quebec. Hartford, Conn. and Newton, Mass., tied for first place in tuberculosis control. Louisville won the syphilis control contest.

to market" light-traffic roads. Certificates of honorable mention were awarded eight other trade associations.

Clinton S. Darling, vice president of A.T.A.E., presided.

Federal Wage-Hour Administrator Elmer F. Andrews told how the Act had focused a powerful floodlight upon "some very shady corners in American industry," and brought to light certain "despicable business practices." His bureau is doing very well in enforcement, he said, having begun six months ago with 23 inspectors and increased that number to 131 at present.

He ridiculed predictions by industrialists that the new law would have a bad effect on business. Business has "survived" this and other reforms. Because, he added:

"American industry is a wonderfully adaptive mechanism."

Before a crowded assemblage at the NACOS dinner, Rep. Bruce Barton of New York assured business men that the era of persecution is drawing to a close and the time approaching when they will once more be called to participate in the management of affairs. Only twice since the Civil War has such a velocity of change been recorded in public sentiment as that since 1936. It augurs a continued swing far back to the right.

For the past six years, said the author of "The Man Nobody Knows," Americans high and low have been encouraged to think of the public treasury as a huge inexhaustible grab bag.

The next Administration, if it is any good, will not be popular, at least in the first year or 18 months. It will spend most of its time in saying "No." And the leaders of our cities and towns must help to create for the support of that Administration a patriotic sentiment which will be willing to forego immediate selfish demands in the interest of the large and longer national good.

The NACOS president, D. Hodson Lewis, demonstrated that he is a particularly effective swinger of the gavel. His witticisms flashed brilliantly and his voice is made to order for such occasions. The spirit of brotherly love was abroad between NACOS and A.T.A.E. They exchanged emissaries and compliments at both dinners.

Karl Marx was right

When he said that he who controls the capital controls the economic life of a people. No one or two or three private individuals, no business cabal, ever controls any large part of a great nation's capital, but a Government working through the power of money may. Right now it does. You may call it Communism in one place or Fascism in another; words make no difference, the results are the same, said M. J. Cleary, president, Northwestern Mutual Life Insurance Co., on Wednesday morning.

There is security in the fact that American life insurance companies manage \$28,000,000,000 of savings for 65,000,000 citizens, he continued. Much of that capital has flowed into basic, productive, private enterprises. It is in safe hands.

Dr. Hugh Magill, president, American Federation of Investors, buttressed the preceding speaker's remarks with the reminder that \$42,000,000,000 in assets of 150 leading industrial corporations are diffused through the ownership of no less than 6,500,000 stockholders. At least 20,000,000 of something like 30,000,000 families in the United States

Representative Bruce Barton:

The very same community leaders who, in one breath, urge their Congressman to vote against additional funds for relief, will too often in the next breath demand that the pet community project receive further government contributions.

I. N. Tate:

Whatever the justification, let us recognize that recovery has been delayed by increased and sometimes punitive tax burdens, by constantly increasing costs springing from labor disputes, from wage and hour supervision, from unemployment and old age provisions; which we do not quarrel with in principle, but which discourage the elusive investment dollar that must now in some way be coaxed out of hiding.

Hugh S. Magill:

It is apparent that there is a lack of confidence in industry and in the present day policies of our Government which regulates business and controls our economic system.



H. W. Prentis, Jr. (right), president of Armstrong Cork Co., took time out to talk to Walter B. Spellmire, Mgr. General Electric Co. in Pittsburgh, and Dr. J. H. Greene (left) of the Pittsburgh Chamber of Commerce



Fred H. Clausen, president Van Brunt Manufacturing Co., listens to Hugh Magill tell of investors' plight



Dr. Harold G. Moulton, president Brookings Institution; Arthur M. Hill, president Atlantic Greyhound; David H. Howie, V. P. Fiduciary Trust of Boston; R. V. Fletcher, Counsel, Ass'n of American Railroads



Bernard F. McLain, president Hart Furniture Company of Dallas, is the first retail furniture dealer ever to be elected a Chamber director



Allan C. Hardison (center), manager of a ranch near Santa Paula, Calif., is checking up on the food served at Councillors' luncheon. Wm. Fortune, "citizen of Indianapolis", is on the right. Wm. Irwin of Columbus, Ind., and Clem Johnston of Roanoke think the food is O.K.

have a direct monetary interest in the stability of the economic system.

But these people, most of them with small holdings, convinced that the simple mathematical laws that apply to the individual must also apply to a nation, hesitate to invest their savings until what they regard as the unsound economic policies of our Government have been changed.

Dr. Magill gave a moving account of his visit to a veteran farmer in Illinois and the old man's puzzled words:

They come and sealed my crib and they're payin' me 57 cents a bushel for my corn, when it's sellin' on the market for 42 cents or less. How can they do it, doctor? It don't make sense. There's something wrong about this thing.

No panacea for government aid has been worn quite so threadbare as easy loans for all purposes. Shuffling the metaphors a bit, no economic devil has been painted in quite such fiendish colors as the banker. These two facts in combination made it altogether appropriate that a banker, Robert M. Hanes, vice president of the American Bankers Association, should cast some light on the subject of "Adequacy of Present Financial Agencies."

Mr. Hanes marshalled an array of facts that should have left no doubt in any but the most fixed mind that private credit agencies are far more than adequate for present needs. Banks not only are hospitable to borrowers; they are out selling loans by personal solicitation. But borrowing lags because borrowers cannot see profits worth risking good money to earn.



Robert M. Hanes (left), president of the Wachovia Bank and Trust of Winston-Salem, brother of Under-Secretary of the U. S. Treasury Hanes, with Robt. Fleming, Riggs Bank, Washington, D. C., just before he told audience that most welcome visitor in a bank today is a meritorious borrower

At Thursday's luncheon in the Mayflower I overheard this observation: "Why all this criticism? Seems to me the Chamber should be formulating a positive, constructive program for next year."

A big fellow across the table answered the critic of criticism:

"Don't forget that before you can start repairing a burning house you've got to put out the fire. To put it out or keep it from spreading you may have to do some tearing down, first. What is the most constructive thing we can do to restore confidence and keep our savings secure? Simply to stop some of the fool things that are being done—repeal a flock of laws, kill off a few bureaus."

DELEGATES hurried through their coffee and dessert at the Wednesday luncheon to consider what can be done about the Wagner Act, now almost universally regarded in business circles as the most oppressive law af-

Robert M. Hanes:

In a world distracted by unstable currencies, international barter schemes, and threats of war, the outlook for increase in trade is not encouraging. Fear of the future is a powerful deterrent to increased business.

S. Clay Williams:

America has been built upon the venturesome dollar. And, before it was ventured, the owner of it had to feel some assurance that he had a chance to win some reward and, at least, that he could have the hope that his dollar was reasonably secure in the enterprise into which he put it.

Harry C. Carbaugh:

Many men report fair business and no profit. Nearly all agree that business today is artificial and unsound because it is based upon government spending. They feel that this cannot go on indefinitely, therefore optimism is sadly lacking for the long pull.

fecting industry ever to spring from the mind and emotions of an American legislator.

Chairman W. Gibson Carey, Jr., president, Yale & Towne Manufacturing Co., called the law a unionization measure not in the interest of free collective bargaining. Those in high place who maintain in the face of the record that it has improved employer-employee relations he bluntly termed "perverted." Actually, he asserted, it is

an act to destroy the individual and minority rights of working men, to undermine the natural and proper sense of employer responsibility for high pay and good working conditions, and to bring suffering to the nation by lowering productivity and decreasing jobs.

B. C. Heacock, president, Caterpillar Tractor Co., voiced his indignation that we should have endured in this country for five years "a board of three men, previously unknown for any recognized service to society and never passed upon by the electorate," who issue arbitrary edicts and act as judge, jury and hangman over the workaday lives of millions of free men.

"We do have a new type of aristocrats and Tories," he said. "The old-time, hardboiled captain of industry would seem soft when set up against this background of coercion and intimidation in the name of the law."

Still Public Enemy No. 1.

A year previously to the day and hour, at another Chamber meeting, Senator Edward R. Burke of Nebraska had tacked this label onto the brain child of his colleague, Senator Wagner. Now, as one of the foremost advocates of amendment in the Senate, he is even more certain that the Act must be changed fundamentally.

The Senator sketched the principal amendments in his own bill, on which he hopes and expects to obtain favorable action before the present session ends.

It would take class discrimination out of the law by prohibiting coercion of employees from *any* source. The right of employers to confer with and advise their workers would be restored. The closed shop

B. C. Heacock:

We have men issuing decrees concerning the hours that we shall work, the wages we shall pay, the places we shall work, what we shall work at and how much we shall do, and they sell these decrees to the public by telling the public that they apply to the employer. The truth is that, where they affect one employer, they affect literally hundreds of others.

W. S. Rosencrans:

We have to show those who are opposed to us that they have more in common with us as business people than they have with the politician who will glibly promise everything because he has no financial responsibility behind him; he doesn't have to produce except to produce pleasing words.

Dr. Harold G. Moulton:

The ability of the Government to borrow at low rates is attributable mainly to the lack of satisfactory alternatives. Because of the stagnation in private capital markets, current savings cannot find their accustomed outlets.



A. P. Greensfelder (right), St. Louis contractor, has just introduced W. S. Bellows (second from left) as builder of San Jacinto monument, highest in the country. E. J. Harding, general manager, Associated General Contractors at left, Kerwin H. Fulton, president, Outdoor Advertising



Clinton S. Darling, Wm. M. Kinney, Edward J. Noble

Award for Outstanding Achievement

HIGH POINT of the meeting for Trade Association Executives, held each year concurrently with the Chamber meeting, was the award for outstanding trade association achievement. Winner over all competition was the Portland Cement Association, for research and promotion of greater use of cement for construction of "farm to market" light-traffic roads. Clinton S. Darling, vice president of the Trade Association Executives Association, presided; Edward J. Noble, chairman of Life Savers Corp., and Executive Assistant to the Secretary of Commerce, made the award which was received by William M. Kinney, general manager of the Portland Cement Association.

Associations receiving honorable mention were: The American Dry Milk Institute, The Association of Manufacturers of Chilled Car Wheels, The Automobile Manufacturers Association, The Cooperative Food Distributors of America, The Cotton Textile Institute, The Institute of American Meat Packers, The National Retail Dry Goods Association, and The Tanners Council of America.

and the check-off would be added to the list of unfair labor practices by employers.

Under the Act as it stands, employees and unions can do no wrong. Senator Burke would change that by a clause naming certain unfair and unlawful practices by employees or their agents, such as abrogation of contracts, intimidation and calling unauthorized strikes. When an employer is charged with unfair labor practices he would be served with written notice of the complaint not more than 30 days after it arises, then, if it is not adjusted within 60 days, the Board may act. The Senator remarked that this is violently opposed by Messrs. Madden and Smith on the ground that it would result in the two parties to such disputes adjusting their differences out of court!

Other amendments in the Burke bill seek to abolish the present Board and set up another with prescribed qualifications. One member would represent labor, another business, and the third the public. Those against whom the Board institutes proceedings would have the right to ask for a hearing in a federal district court.

Speaking at a round table on "Promotion of Industrial Progress," Conway P. Coe, U. S. Commissioner of Patents, said the principal change

Senator Harry F. Byrd:

Only an aroused public interest by the citizens who must sooner or later pay for these extravagances will protect us from the disasters of uncontrolled inflation or taxes so high as to be confiscatory.

Alfred E. Smebey:

Perhaps a factor in improved feeling among the business men generally in our state has been a return to more stability and more common sense in the administration of public affairs.

Col. Walter C. Cole:

The only immediate decision from a modern war comes from the exhaustion of one of the belligerents. Such a collapse may take the form of exhaustion of man-power, the exhaustion of industrial production, the exhaustion of raw materials, war materials and food supplies or the exhaustion of the morale of the people.

Conway P. Coe:

A patent is a reward for an invention or discovery adding to the sum total of human knowledge. By the monopoly that goes with a patent, the Government recompenses and, for a limited time, protects the inventor or discoverer who gives to the world the use and benefit of his invention.

John A. Stevenson:

By making the people of this country "retirement-income conscious," the Government's social security program has, I believe, had a tendency to increase the social security which the American people, through voluntary life insurance plans, have provided for themselves.

Sir Willmott Lewis:

The life of the individual becomes more precarious with every day—more precarious that is to say, in the sense that he is more and always more dependent for his well-being upon the efficient and regular performance of services by others.



T. Guy Woolford, (left) Chairman of Retail Credit Company, Atlanta, and James F. Owens, president, Oklahoma Gas & Electric Company, hurried their lunch before going in to hear John W. O'Leary tell how the Chamber's campaign had won thousands of friends to the side of private enterprise

needed in the patent system is a special appellate court having national jurisdiction in all appeals affecting validity, ownership and infringement of patents. That would avoid conflicting decisions that now create confusion. Other changes should lessen the time and cost of obtaining a patent.

Those who are attacking the patent law as a breeder of monopolies would, in his opinion, destroy the incentive needed to encourage invention. On the other hand, he claimed that another group who oppose any change at all in the law are doing the very thing that may play into the hands of critics seeking radical reform.

E. R. Bridgwater, of E. I. du Pont de Nemours & Co., told the gathering that applied research deserves to be made one of the four pillars of industry, on a par with production, sales and finance. Pioneering research makes jobs, but it costs a great deal of money which its results may not be expected to repay for many years.

He related the case history of Neoprene, du Pont's synthetic rubber. So far it has not been made sufficiently superior for tire use to justify its added cost. But he added this thought:

It is more than likely that, if tire manufacturers faced the necessity of using Neoprene for tires, they could learn how to design them for passenger car use fully equal to the best rubber tires.

Another "strategic" war material!

Eric A. Johnston of Spokane, Wash., presided.

Because prevailing interest rates have been depressed almost to the vanishing point, policyholders now pay ten per cent more for their insurance. That was the word brought to the insurance forum by O. J. Arnold, president, Northwestern National Life Insurance Co. This drop in the earning power of savings is costing the life insurance companies some \$400,000,000 a year, or \$3.75 for each \$1,000 of insurance in

force. This condition could be righted by curtailing the Government's lending activities, easing the dead hand of politics on business and generally returning the country to a sound economic policy, he said.

Laurence E. Falls, vice president, American Insurance Co., accepted the "conservative" brand as a compliment, because

A conservative is one who knows the cost of change. We in the insurance business favor any forward-looking change when the benefits to be gained outweigh the cost of change.

He urged all business men to consider the conduct of government as their affair, and to fight unceasingly for the opportunity to make a fair profit.

Speaking of Social Security

. . . and who doesn't speak of it these days—insurance men have a story that they have told all too modestly. John A. Stevenson, president, Penn Mutual Life Insurance Co., cited the fact that life insurance companies paid out to policyholders and beneficiaries from 1933 to 1938, \$15,700,000,000, compared with total public expenditures to persons in need, of \$12,871,000,000 during the same period. Of the government brand of security, he said:

We are paying too high a price for security under any federal program which, by enabling people to lean too heavily on the Government, helps to destroy the initiative, enterprise and self reliance on which the strength of our nation rests.

James F. Owens of Oklahoma City presided at a round table on "The Future for Power and Fuel."

A \$1,000,000,000 expenditure annually is the obvious need of the utilities and it would have been that much if the industry had been permitted to continue unhampered, said L. R. King, president, Iowa-Nebraska Light and Power Co. Restrictive legislation, governmental competition and pyramiding taxes have cut the annual outlay to less than half that of 1930.

The problem in petroleum is conservation, according to Frank Phillips, president, Phillips Petroleum Co. He advocated control of production similar to that affected under the NRA oil code before it was broken off by the Madison anti-trust indictment.

James D. Francis, president, Island Creek Coal Co., pictured the coal business as a great, a vital and still a largely undeveloped industry in respect to its chemical by-products. But it is in a bad way economically, he said.

Consolidations of coal properties into larger management units are necessary. Operators of coal mines must be released from government control.

The country has been whirling in a vicious circle of depression, Fred I. Kent of New York City told the general assembly on Thursday. Continuation of the discredited pump priming theory and a succession of stupid reform laws such as the Wagner Act and the undistributed profits tax have served only to increase the velocity of its revolution. The circle can be broken by tackling causes instead of the effects that flow from them. Unemployment, distress, labor unrest, etc., are symptoms, not

Laurence E. Falls:

I am convinced of the sincerity of business in the main, and have much evidence of harm to the growth of business, and consequently to employment and the development of enterprise, resulting directly from the cynicism expressed by those who seek to discredit private enterprise.

Col. J. H. Burns:

It is important to note that the assumption as to the strength required by our Army in the early months of a war provides for only a relatively small percentage of that available to each of the other major powers in the world. This is permissible and sound because of our favorable geographic location and our "non-aggression" military policy.

Fred I. Kent:

Giving the income from public utility holdings by means of taxes to municipalities to enable them to destroy the value of the holdings of the people from whom such taxes are received, is dishonest and destructive.

causes. There is a recovery circle, too. When started from the right point, it will accelerate quite as rapidly as the depression circle.

What of construction and recovery?

The present small house carries the greatest housing value in history, in the view of I. N. Tate, vice president, Weyerhaeuser Sales Co.

No one should delay building by present methods for fear that his house will be outmoded by some new assembly practice.

But there is at least one big fly in the molasses, he admitted. Much efficiency in building is lost through senseless labor union rules, often formulated for the protection of one union against another. All concerned will profit, said Mr. Tate, when these rules are changed so that workers may obtain their return through high annual earnings instead of the "myopic objective of a high hourly rate."

The contractors see something else that must be changed before construction can take its rightful place at the very head of the recovery procession, according to W. A. Klinger, president of the

I. N. Tate:

There is no timber shortage. It is no longer a crime to cut a tree! With even a reasonable program of reforestation and fire protection our problem is to find markets for two or three times the number of trees for which we have markets today.

James S. Kemper:

During these past few years the honest and fair dealing business man has resented some of the challenges that have been made of business as a whole. On the other hand, even though unfair, I am not so sure that the challenge did not have some compensating benefits. For one thing it placed the limelight of public opinion on the business structure and public opinion gave business a clean bill of health.

Robert M. Gaylord:

If our customers are hindered from borrowing money, they don't buy machine tools, they don't buy Diesel engines, they don't buy power equipment, and consequently the men who know how to build that equipment are out of employment.



Cliff Davis, Rep. Walter Chandler, W. H. Jasspon, L. G. Purmort

Memphis Wins Highest Award Again

RECOGNIZING that the obligation to reduce the annual fire loss is a major responsibility of all individuals, the Chamber conducts an annual Fire Waste Contest as a special feature of each annual meeting. James S. Kemper, president of the Lumbermens Mutual Casualty Company, presided over the presentation ceremonies and awards were presented by L. G. Purmort, president of the Federation of Mutual Fire Insurance Companies.

The grand winner in the 1937 contest, repeating again this year, and winner in the population group of cities from 250,000 to 500,000 was Memphis whose vice mayor, Cliff Davis, accepted the trophy. Winners in the other groups were:

Over 500,000 population, Detroit; 100,000 to 250,000, Hartford; 50,000 to 100,000, Lakewood, Ohio; 20,000 to 50,000, Parkersburg, W. Va.; under 20,000, tie between Fremont, Mich., and Valley City, N. D. Lakewood, Ohio, brought an exceptionally large delegation in celebration of its 11th winning of the award in its class.

Associated General Contractors of America. Building cannot go forward while investors are chilled with fear of confiscatory regulation or while the Government itself is the great competitor of all private contractors. Of the W.P.A. octopus, he said:

In practically every community in the United States there is W.P.A. activity centered on some imitation construction operations. More and more this program has assumed the air of permanency, the tentacles of this octopus have taken firm hold on the economic life of the nation, the people, once highly resentful of this organized loafing, have become tolerant of the W.P.A. as a necessary evil. Local politicians, the Council of Mayors, the Conference of Governors, finding in it an opportunity to shift their own charity loads, have turned to advocates of W.P.A. and found willing ears.

"A free press is no publisher's right, it is the right of a free people; the publishers are merely its trustees," said James G. Stahlman, president, American Newspaper Publishers Association, at Thursday's luncheon. But with 270 Government press agents dishing out propaganda, with the courts applying new gags on what may be published, and with an Administration which sought to deny to the press a clause in the daily newspaper publishing code affirming the constitutional guarantee of its freedom, every vigilance is necessary or that freedom may be lost, he maintained.

A high note of sentiment for "Our American Heritage" was touched that afternoon by H. W. Prentis, Jr., president, Armstrong Cork Co. More in sorrow than in anger, he remarked the spread in this country of alien political creeds and economic will-o'-the-wisps that promise short cuts to prosperity. He wondered at the craven, apologetic weakness with which men who owe everything to our time-tried Anglo-Saxon concepts have met this assault. The answer to these trashy fallacies of bogus modernism is to be found in a re-reading of classical history and political philosophy. To get our bearings today we should go to Cicero, Locke, Burke, Hamilton and the rest of that illustrious company. We are making mistakes in this country that every political philosopher since Aristotle has warned against.

"Bruce Barton said the other night that business men are out of their element when they are in opposition to anything," mused a delegate from Pennsylvania. "But I notice this year that they are improving a lot in that respect. . . . Not so long ago, at meetings like this the speakers outdid themselves trying to be 'forward-looking' and 'liberal' in all they said. This year I haven't heard any soapy words like 'social consciousness' or 'social objectives.' The boys have learned how to get mad and say so. And it's good



M. J. Cleary, president of the Northwestern Mutual Life Insurance Company, said there need be no fear but that insurance companies would be worthy guardians of their 65,000,000 policy holders' funds

James G. Stahlman:

The attempted and frequently successful misuse of the columns of the press through governmental propaganda is just as reprehensible as the misuse of those same columns by publishers who have little regard for their obligations to the people from whom, after all, both the Government and the press derive all their rights and privileges.

H. W. Prentis, Jr.:

The fact is that national planning means less planning rather than more planning. National planning is being done by millions of individuals every day. Our well-being depends entirely on the wisdom of these decisions. Fortunately, however, every private decision is relatively limited in its scope; hence those that are wrong are counterbalanced by those that are right. On the other hand, the decisions of a national economic planning board, if wrong, would have devastating effects on the people as a whole.

Representative Bruce Barton:

The top man of the future will be the man who knows people, likes people, and thinks day and night in terms of better public relations.



President-elect Carey with Senator Pat Harrison, speaker at the Annual Dinner



John W. O'Leary and George H. Davis

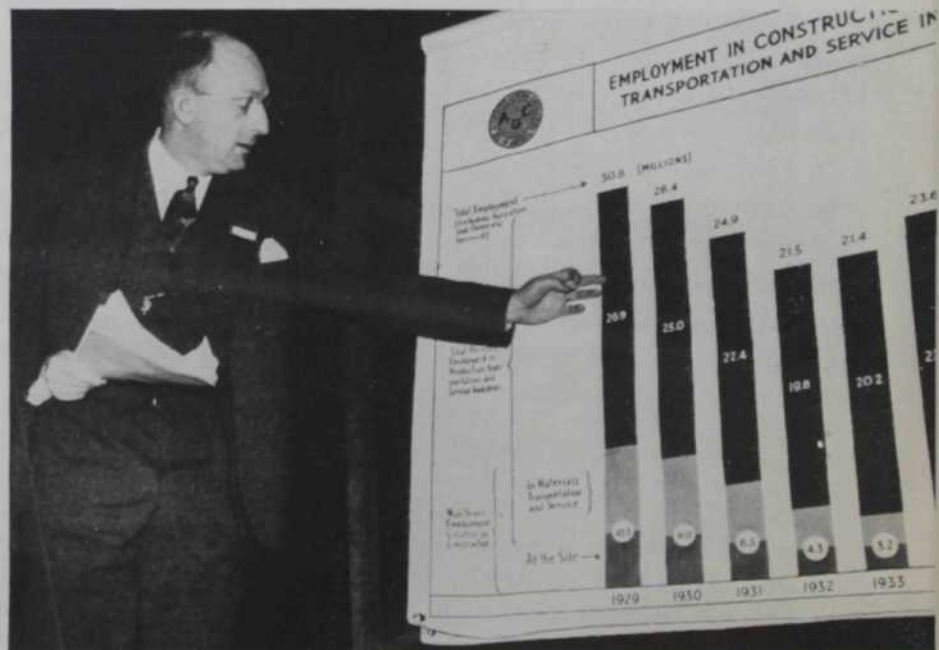
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D. Hodson Lewis presided at Nacos dinner. When introducing Bruce Barton, said: What we need most is to get statesmanship down to the vernacular so we can understand it



John A. Stevenson, O. J. Arnold and Laurence E. Falls were principal speakers at an insurance round table on "the Contribution of Insurance to Recovery."



W. A. Klinger, Sioux City contractor said the W.P.A. octopus was rapidly socializing the entire construction industry

strategy, too. He who won't fight to defend himself the same shall not be defended, as somebody—was it Elbert Hubbard?—said."

SEVERAL features of the convention were devoted to what's happening in foreign trade. The situation is so confused by international politics that only those close to it can hope to understand the meaning of events.

The intense competition of Great Britain and Germany in Latin America and Japan in the Far East with our American export market was emphasized at a round table with James A. Farrell, chairman of the National Foreign Trade Council, presiding.

Eugene P. Thomas, president, National Foreign Trade Council, said that international political influences dominate the flow of world trade. Economic dictatorship by technically debtor nations is at the bottom of aggressive policies that constitute a most formidable attack upon American trade interests in the Spanish-American countries.

Charles K. Moser, U. S. Bureau of Foreign and Domestic Commerce, pointed out the devastating results of the Japanese invasion of China on our Far Eastern trade.

"There is a growing tendency in the modern world to make stealing by governments respectable."

These words by Dr. William S. Culbertson, former American ambassador to Chile, expressed his opinion of the use of government authority to encroach upon and confiscate private property. Those officials of our government who are willing to protect our rightful interests in other countries should be supported by public opinion, he said.

A large trade delegation from Finland, headed by Dr. R. Von Fieandt and the Finnish Minister at Washington, was given the vociferous applause due the representatives of a paying national debtor, both before a general session and at the dinner of the International Chamber of Commerce. Dr. Fieandt announced the curious fact that imports and exports of the United States and Finland last year were almost exactly in balance.

Eliot Wadsworth, presiding at the International dinner, said the I. C. of C. carries on the amicable relations between business men that the League of Nations failed to obtain between governments.

Any good chamber of commerce stands up for the rights of the business community, said J. Stanley McLean, president of the Canadian Chamber. For this, no apology need be made, he added.

The whole system of free institutions, developed first in Great Britain and later transplanted to this continent, grew out of the jealous vigilance with which groups of citizens resisted encroachments upon their rights. And amongst all those groups none did more to lay the foundations of freedom than the merchants who resisted infringements on their rights to trade and the imposition of taxes they considered unjust.

Sound economic trade relations between nations wait on two things primarily, Thomas J. Watson, president of the International Chamber, told the diners. They are international stabilization of currencies and limitation of arms.

The American correspondent of the *London Times*, Sir Willmott Lewis, adverted in his speech to an interesting aspect of equalitarianism. Nations, as well as groups of levellers within nations, employ brute force to equalize wealth between themselves and other countries, he said.

Charles K. Moser:

It is conceivable that Japan may, as a result of present economic policies fostered and enforced by her military hegemony, lose the advantageous price position she has held hitherto in her export markets—particularly in those commodities for which she has to import the raw materials.

J. Frank Grimes:

I do not believe that there is any justification for using the word "dumping" in connection with meeting a world price for that portion of our agricultural production in excess of our domestic requirements. I strongly urge that practical agriculturalists meet with experienced, practical business men, and work out this problem. The proper governmental agencies could then take such plan in hand and set up the machinery for its enforcement.

James A. Farrell:

What is wanted today is an educational campaign by American chambers abroad for the reestablishment of international trade on a sound economic basis by means of which freedom of competition may be restored.

John W. O'Leary:

Experience has proven to us that private enterprise is one indispensable requisite for national achievement. If it slows down, the tempo of everything slows down.

Matthew Woll:

It is true that excessive taxation leads inevitably to some form of state capitalism. There are those who believe that is the economic and political order to which we are surely but unconsciously headed in our present temper of finding ever more and more untapped sources of taxation and of declining to heed the fact that there is a limit to the resources of our present economic order.

George Barton Cutten:

There never has been a time when there has been so much propaganda against war, but it has all been intellectual. When we do go to war, it will be through an appeal to the instinct—probably that of self-defense.



The distribution branch of industry was represented at a round table conference by speakers, L. D. H. Weld of McCann-Erickson Advertising Agency; Clem D. Johnston, president, Roanoke Public Warehouse, and Frank Grimes, president, Independent Grocers' Alliance of America

At a dinner given for delegates from American Chambers of Commerce abroad, means were considered for maintaining America's competitive position on the foreign trade front. Speakers included James A. Farrell; James S. Carson, vice president, American and Foreign Power Co.; C. H. French, vice president, Chinese-American Foreign Trade Council; and Leslie E. Freeman of the American Chamber in Brazil.

W. Gibson Carey, Jr., was chosen as the new president of the Chamber. His vice presidents are:

NORTHEASTERN DIVISION: Thomas H. McInnerney, New York, president, National Dairy Products Corporation.

SOUTHEASTERN DIVISION: Clem D. Johnston, Roanoke, Va., president, Roanoke Public Warehouse (re-elected).

NORTH CENTRAL DIVISION: James S. Kemper, Chicago, president, Lumbermens Mutual Casualty Company (re-elected).

NORTHWESTERN DIVISION: O. J. Arnold, Minneapolis, president, Northwestern National Life Insurance Company.

SOUTHWESTERN DIVISION: Joseph W. Evans, Houston, Evans & Co. (re-elected).

WESTERN: W. C. Mullendore, Los Angeles, executive vice president, Southern California Edison Co. (re-elected).

John W. O'Leary of Chicago was re-elected chairman of the Executive Committee, and Robert V. Fleming of Washington, treasurer.

"What do you think of the new president?" I asked one of his fellow New Yorkers. The answer was encouraging.

For one thing, he is one of the most traveled presidents the Chamber ever had. He knows not only his United States but something about most of the world at first hand. He is a studious observer of affairs. And what I like especially is this: There's not a weasel word in his vocabulary.

A novel feature of this year's meeting was the series of 27 state dinners representing delegates from 44 states, held simultaneously Wednesday evening. The purpose was for business representatives to meet with their congressional delegations and discuss business needs.

About 300 Congressmen and Senators, including the ranking leaders in both parties, attended. Legislators were told that business believes government cannot do much *for* it, but a great deal *against* it.

The state dinners were generally taken as recognition that any encouragement to business must come from Congress and not the executive branch. Appeasement is a dud and disillusionment final.

Senator Pat Harrison, as the Annual Dinner speaker, soon placed at their ease nearly 1,000 dressed-up diners, including Supreme Court Justices and Cabinet members. Especially apt was this parallel:

I received a postal card the other day, and penciled on it was this wholesome expression: "You can no more spend yourself into prosperity than you can drink yourself sober." That fellow had something. While I have never been so unfortunate as to visit one of the Keeley institutions, I am told that the practice to effect the cure is to make the patient sick at first by too much drink and then to continue the treatment by a gradual tapering off into sobriety. We have experienced in Washington an excess of the initial treatment. The time is ripe for tapering off.

But the Senator was not one to let his audience off scot free. Like a preceding speaker from Congress, he charged business men with some responsibility for federal extravagance. Civic eagerness to get local projects has also put greedy feet into the public trough.

What, then, is this Key to Recovery? Trying to phrase it compositely, I get something like this:

Normal national income and absorption of the unemployed in gainful jobs will come only through increased production, chiefly of capital goods. That increased production will result when investors freely venture their money in new enterprises and expansion of old ones. This free flow of capital will not start until there is a change of heart toward business by the national Government—a green light to profits substantial enough to induce the risking of savings. Investors will accept only actions, not words, as the manifestation of that green light. Those actions must constitute the removal of oppressive restrictions on business, and a sharp turn away from prodigal spending of the country's resources, toward national solvency.



William Straub (left), president, Farmers Mutual Fire Insurance Co. of Nebraska, casts his ballot in the election for directors of the U. S. Chamber. Half of the directors are elected each year for a two year term

Senator Pat Harrison:

Why, after six years of trial and continued application of the spending theory, should we not follow prudence and caution and detour from the road we are now traveling and continue our journey for a while at least over a safer and less dangerous highway?

B. C. Heacock:

Can anyone think for a moment that economic and political democracy can exist in a society that thinks in classes?

C. H. French:

Should Japan succeed in her designs upon China, we stand to lose not only our China market but also our trade with the Philippines. Moreover, we shall in such case eventually be obliged to wage a war of self-defense infinitely costly to us in both blood and treasure.

MEN

who direct the policies adopted by the

Chamber's 1660 Member Organizations



PRESIDENT:

W. GIBSON CAREY, Jr., President, Yale & Towne Manufacturing Co., New York.

VICE PRESIDENTS:

THOMAS H. McINNERNEY, President, National Dairy Products Corp., New York.

CLEM D. JOHNSTON, President, Roanoke Public Warehouse, Roanoke.

JAMES S. KEMPER, President, Lumbarmen's Mutual Casualty Company, Chicago.

O. J. ARNOLD, President, Northwestern National Life Insurance Company, Minneapolis.

JOSEPH W. EVANS, Evans & Company, Houston.

W. C. MULLENDORE, Executive Vice President, Southern California Edison Company, Los Angeles.

DIRECTORS:

CLIFFORD S. ANDERSON, Secretary & General Counsel, Norton Company, Worcester, Mass.

L. WARD BANNISTER, Bannister & Bannister, Attorneys, Denver.

RAYMOND H. BERRY, Berry & Stevens, Detroit.

JESSE A. BLOCH, President, The Bloch Bros. Tobacco Co., Wheeling.

CHARLES E. BOCKUS, President, Clinchfield Coal Corp., New York.

THOMAS C. BOUSHALL, President, Morris Plan Bank of Virginia, Richmond.

G. D. BROOKE, President, The Chesapeake & Ohio Railway Company, Cleveland.

ROBERT H. CABELL, President, Armour & Co., Chicago.

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SAMUEL F. CLABAUGH, Executive Vice President, Southern States Industrial Council, Nashville.

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A Constructive Program

Capital Markets

THE greatest single force in bringing recovery from earlier depressions was the flow of capital into old and new enterprises. There were thus created new work opportunities, new income and wealth for the nation, new public revenues, and higher standards of living.

This potent force should without further delay be allowed to operate. The capital markets should be reopened for private enterprise. The normal processes of saving and investment should again be encouraged and should be permitted to have their effects so beneficial to all interests, public and private, and in all of the fields of enterprise.

Congress should immediately take affirmative action to stimulate the free flow of capital into investments in both established and new enterprises. It should modify the laws regulating the issuance of private securities, without removal of essential safeguards for investors, and should require administrative agencies under these laws to remove unnecessary restrictions from their regulations, to the end that there may be encouraged a broad and free-flowing market for the legitimate securities of business enterprise. At the same time, Congress should refuse to give attention to new measures which would give rise to additional uncertainties detrimental to the orderly processes of the capital market at a time when the public interest calls for operation of that market at its fullest efficiency.

Science, Invention and National Progress

INVENTIONS, scientific discoveries and new processes have played a constant and vital part in the development of the technology and national progress of the United States throughout its history. As geographic frontiers receded with the increased prosperity and growth of the country, individual enterprise envisioned, developed and brought to the point of public benefit ever new economic frontiers. New products, new uses and new industries appeared in never-ending progression.

Great possibilities for enduring expansion in the volume of business and employment lie in the practical application of the results of scientific research. Since 1930 science and invention have far outrun the application of new discoveries and techniques to the use and benefit of the consumer.

It is of greatest importance, therefore, that no obstacles be placed in the way of the most intensive utilization of the results of invention and scientific discovery. Ill-advised changes in the patent laws would constitute such obstacles.

It is likewise essential that present deterrents to the investment of capital for the development of new products and processes be quickly removed. Changes in statutory and administrative regulations which are impeding the flow of risk-bearing capital into new enterprise should be immediately effected.

Transportation

THIS annual meeting has before it the recommendations of the Transportation Conference of 1938-39 for railroad legislation, arrived at after extended study by representatives of all principal business interests. The objectives include preservation of private ownership and operation; strengthening of carrier credit; avoidance of political rate-making; removal of obstacles to voluntary railroad consolidations and abandonments; authorization of compositions between railroads and their stockholders and creditors; concessions in federal tax provisions to promote improvements, consolidations, operating economies and financial adjustments; and relief from

CRITICS frequently charge that business men merely find fault; that they offer no constructive suggestions. This argument overlooks—purposely, perhaps—the fact that it is often more constructive to repeal a law than to enact one. If, as we are assured, politicians want to increase national income, the Resolutions adopted by the 27th Annual Meeting of the Chamber of Commerce provide valuable instruction

certain unfair burdens and restrictions. We approve the proposed measures as a limited program appropriate for immediate enactment. Additional measures of remedial railroad legislation, and the necessary factual information on which to base them, should be the subject of thorough investigation with full opportunity for all interests to be heard.

National Defense

American industry appeals to all nations to settle their differences by orderly and peaceful means. It reaffirms its opposition to war. It declares that such measures should only be resorted to as a means of national defense or national integrity. Our nation should be adequately prepared to defend those principles.

Relief Expenditures

INDUSTRY endorses the principle of federal financial assistance in necessary relief expenditures. Such expenditures should not only accomplish the objective of relief but should serve as a contributing factor to employment in private enterprise.

The record attests that the program of the Works Progress Administration and its predecessors has not reduced unemployment. Its expenditures have been a major contributing factor in the mounting government deficit. Recovery and thus employment in private enterprise largely depend upon restoration of confidence in governmental financing.

These facts require an impartial analysis.

The program of the United States Government of providing direct employment and direct administration of construction and other projects first diverts from private enterprise those functions for which it is best equipped; second, it creates a bureaucracy fraught with political consequences inimical to the best interests of the nation; third, it removes from the states and from local authorities control of local requirements of which they should be the better judge; fourth, the cost of a given project as compared with private enterprise has been proven to be more than twofold. We therefore recommend that the philosophy underlying the Works Progress Administration be abandoned and in its stead there be substituted an impartial governmental agency, first, to determine the needs of the respective states both from the standpoint of unemployment and their financial ability to share the respective costs; second, that all construction and other projects for which such funds are used be let by competitive bids, preference for employment on such projects to be given to those certified by local authorities as being unemployed, thus restoring these workers to the normal channels of private industry; third, that the state or-

ganizations having control over the expenditure of government funds meet such qualifications as to administration and personnel as may assure the United States Government of economy and efficiency in its administration; fourth, that the manner in which the remaining unemployed shall be cared for be left to the determination of the respective states and local communities.

Agriculture

AGRICULTURE'S well-being is essential to the public welfare. Free marketing of farm products in both

the domestic and export trade channels will contribute to this end.

Liberties of the American farmer should not be curtailed as a result of any program. We recognize that freedom to organize and to seek sound solutions through democratic process in an organized way is an essential of any program.

Farm purchasing power must be recognized as one of the first essentials to national recovery. It can be greatly helped by the encouragement of free and open markets, and the elimination of restrictions which narrow the field of buying and selling.

We believe that industry can aid in the solution of the problems of agriculture through expanded production and additional employment of labor through private enterprise, thus providing improved domestic outlets for farm products.

We believe in as great a volume of production of farm products as is consistent with foreign and domestic demand. Increased production should bring with it an improvement in the economic position of the farmer, in addition to providing additional volume for those engaged in the processing and distribution of such products.

We reiterate our belief in conservation of natural resources, retirement of submarginal areas from production, research to find new industrial uses for farm products, and stability of tenure on the land.

We believe in the maintenance of a balance between agriculture, industry and labor, in a parity of income between the groups, in a concerted attack on recovery problems, and in expansion of the national income. We believe in stressing the importance of annual income rather than putting emphasis entirely on high price levels at the expense of volume production or employment. The productivity and the cost of labor must be reflected either in the price of industry's product or in the amount industry can pay for its raw materials, including agricultural products.

Therefore, we especially commend cooperation between the various economic groups in America and the free and open discussion of their problems with each other, for we are of the belief that a stable and prosperous agriculture is the best single guarantee of maintenance of our free and democratic form of government.

Export Cotton

IT IS generally accepted that the present huge surplus of American cotton held by our Government is

due to the operation of a loan program continued over several years at a level substantially above world markets.

Immediate steps should be taken to reduce this surplus gradually through permitting producers to repossess loan cotton at such prices as will induce its flow into the normal channels of trade. We strongly oppose an export subsidy program as being uneconomic in world competition and most detrimental to all domestic interests in cotton, and for the same reasons we oppose barter of loan stocks to foreign interests.

Department of Commerce

THERE have been close relations between the Department of Commerce and the Chamber from the time of the Chamber's organization, particularly in the field of encourage-

ment of foreign trade. The Department is now co-operating with the Chamber in promoting National Foreign Trade Week.

The Department should quicken its activities for advancement of commerce, and also under other parts of

its legislative charter become an aggressive champion of the country's industries. It should now undertake to fulfill its statutory duty of fostering, promoting, and developing the welfare of American business.

National Economic Committee

THE proceedings of the National Economic Committee since its formation in the summer of 1938 make it apparent that, if the Economic Committee is to be continued, it

would best promote the public interest by devoting its attention to the antitrust laws in aspects in which they may be improved, and by replacing the *ex parte* presentations so far used with a procedure better adapted to establish the facts upon which any recommendations for legislation should be based. There should be inquiry into need for legislation permitting industry rules of fair competition, allowing agreements increasing the possibilities of relating production to consumption, affording means for authoritative advice in advance of consummation of mergers and consolidations desirable for normal business reasons, and providing special facilities for curtailment of production in natural resource industries, when the public interest makes desirable.

Labor Relations Act

WITHOUT more delay, the Labor Relations Act should be structurally amended. There should be specific

provision for preservation of the right of free speech, both for the employer and for the employee. Frequently, an employer has been helpless between contending organizations. An employer should be given an express right to have the Board determine by secret ballot of employees the representation with which he is to deal. For employees' freedom of choice in selecting representatives there should be complete protection. Employees in exercising their rights should not be exposed to coercion from any source. There should be removed from the law the sanction of the closed shop, which the law not only endorses but for the accomplishment of which it provides effective procedure. As the Board itself has not clearly separated its activities as prosecutor, investigator and judge, Congress should provide for use by the Board of independent examiners to hold hearings for fact-finding purposes. All the Board's findings as to facts and all its decisions as to the law should be subject to judicial review.

Wage-Hour Act

THE experiences with the Wage-Hour Act have demonstrated the impracticability of such a measure

in its application to widely varying conditions. The difficulties and hardships caused by the law will increase. The law should be repealed for the benefit of employers, employees, and the general public.

Federal Licensing of Corporations

PROPOSALS for federal licensing of state-chartered corporations as a condition to their engaging in interstate commerce, rejected after thorough discussion in the decade

before the World War, have been revived in Congress. The form in which the proposals have now appeared would require, as a price for entering interstate commerce, surrender to federal regulation as to matters respecting which the federal Government does not possess constitutional authority, according to long established principles. Proposals for federal licenses as a requisite for engaging in interstate or foreign commerce, either in the form embodied in the bill before a Senate committee or in any other form, should be opposed.

Federal Debt

THE federal Government is about to end its ninth year of expenditures that heavily exceed its receipts. The

deficit of the current year will reach at least \$4,000,000,000, and will approximate the largest deficit of the period. As a result of these recurring deficits, the national debt has been carried above \$40,000,000,000.

Forty-five billion dollars is the maximum now fixed by Congress for the national debt. In order that confidence in the integrity of public credit may be assured, the fiscal

affairs of the Government should be so conducted that Congress can maintain the statutory limit it has set. This limit should not be raised.

Public Expenditures

PUBLIC indebtedness is at a peak never before attained in the United States. Public expenditures within the United States are at record height. The burden of taxation is heavier than ever before in the country's history. The present handicaps that result are so strong deterrents against the economic recovery necessary for the public interest that the country should concentrate its attention upon expenditures by every form of public agency—federal, state and local—and insist upon reduction of totals within the amount the country can currently afford. Too heavy a mortgage has already been placed upon future generations of the American people.

Both advance in economic recovery and regard for the future require attention forthwith to both public expenditures and taxes. Expenditures should be brought down to those for which there is unquestionable justification. That waste may be prevented there should be simplification in government agencies. In the states preventive measures should be made general, to control local agencies in their finances. There should be made available to all citizens complete information about public finances, including information furnished by the states respecting the finances of subordinate units of government. Every business man and every business men's organization should support these principles.

Reduction in public expenditures will lead to budgets that can be supported by reasonable tax structures. The results will be in the highest public interest. There will be increased use of private resources and energies in productive enterprise, reopening of the capital market, more employment and larger pay rolls, lessened outlays for relief, and increased public revenues.

Federal Taxation

IN THE interest of revenues for the Government as well as economic progress, the Revenue Act should be thoroughly revised. There should be immediate modification of those taxes which, because of excessive rates or because of their hampering effects, are now acting as deterrents to business recovery. There should be elimination of punitive features and of all provisions other than those which have for their purpose the raising of revenue. The objects should be—

Enactment of a fair, equitable revenue law, designed to endure for a period of years, and thus to remove the uncertainties caused by frequently changing tax rates and provisions;

Reasonable provision for carrying operating losses forward to succeeding years;

More equitable treatment of capital gains and losses;

Modification of the individual surtaxes, to the end that government revenues may be increased and the present discouragement to individual enterprise and initiative diminished.

Such a revision would include repeal of the remnants of the undistributed profits tax on corporations with no attempt at substitution, equitable provisions for carrying forward operating losses of one business year to offset against apparent earnings in subsequent years, reduction in individual surtax rates which have been pushed beyond the point of maximum productivity and, in order that the destructive effects of high taxes on decedents' estates may be mitigated, there should be permission for accumulation of liquid assets designated to meet estate tax liabilities without such assets being subject to death dues that would defeat the purpose.

State and Local Taxation

CONSTRUCTIVE efforts to reduce the barriers to business progress should deal not alone with federal taxes but also with state and local taxes. The total of such taxes exceeds the federal levies. The volume and operation of

the direct and indirect taxes of the state and local units of government deter business activity. Repressive taxes in a number of states create new impediments to interstate commerce. Business men's organizations should continue their efforts for governmental economy of a lasting nature which will not impair efficiency and essential public services of the local and state agencies of government. At the same time, they should oppose vigorously any endeavors of such agencies to place further burdens of taxes upon industry and commerce that will retard employment and economic recovery.

Conflicting State Claims

MODERN conditions increase the opportunities for several states, for the purpose of their estate taxes upon intangible property, to set up claims that each was the domicile of a decedent. There are consequences, not only in confusion, but even in multiple taxation, which may threaten confiscation of an entire estate. Means should be found promptly to prevent the possibilities of such duplicate and multiple taxation.

Devaluation

AS the power to determine the currency of the country belongs to Congress, we believe that the power to alter the standards of the currency by changing the content of the dollar should always repose in Congress, and should not be delegated.

Monetary Policy

THERE is a provision of law which relates to monetary policy and which has not received much public attention. It has existed for six years, and by its terms may remain in force indefinitely as a threat to public confidence in our monetary system and credit situation. This is the power conferred in 1933 for the Treasury to issue and keep outstanding \$3,000,000,000 in greenbacks through their use to purchase or redeem government bond issues. That this power has not been utilized, and there is no reason at present to think it will be utilized, does not prevent disquietude caused by the existence of this power. There should be prompt repeal.

Silver Purchase Act

THE Silver Purchase Act of 1934 was intended to raise the proportion of silver in our monetary system to one-fourth of the total value of our monetary stock. Notwithstanding the huge acquisitions of foreign silver under this Act through expenditure of more than \$1,000,000,000, the proportion of silver in the country's monetary stock is still about as far behind the one-fourth ratio as it was when the Act was passed. The Silver Purchase Act insofar as it relates to the purchase of foreign silver should be repealed. This will not interfere with the purchase by the Government of newly mined domestic silver.

Government Competition

THIS Chamber has long advocated that our federal, state, and local governments should refrain from entering any field of business which can be successfully conducted by private enterprise. Tax-free, rent-free and cost-free competition with the lawful enterprises of private citizens should be ended. Increased employment and purchasing power can best be attained by affording industry and business every legitimate facility and opportunity to pay adequate wages and to earn reasonable profits without competition from government agencies.

The time has come, we believe, for the Chamber to enlist the assistance of its members in a special study of the present extent of competition on the part of the federal Government, to supplement the earlier studies of this kind.

Electric Utilities

BOTH "regulation by competition" and outright substitution of public ownership for private ownership of electric utilities are contrary to policies which have been advocated by the Chamber as in the public interest. The one is a destructive form of competition against which

private enterprise cannot survive and the other means that eventually services will not keep pace with possibilities, and costs both to users and to the community will be unnecessarily high.

The policy which will best promote the public interest is based upon effective regulation of privately owned utilities by state commissions, supplemented by the Federal Power Commission in situations as to which it has proper jurisdiction. There should be equal regulation for public and private utilities, and prevention of hidden subsidies for public ownership. Private utility properties should have the safeguard of legally established rules regarding their purchase by public agencies when destructive competition has left no alternative but sale.

Business Regulatory Legislation

WE oppose the enactment of further federal legislation based upon the formula of an administrative agency possessing broad discretionary authority to issue rules and regulations, and in addition possessing the powers of investigator, prosecutor and judge. Wherever this formula exists in present legislation, there should be reexamination and such a recasting of provisions as to administrative authority as will preserve to citizens both the substance and the form of their rights.

Interstate Barriers

IN order that every part of the country may have its greatest opportunity it must have full access to all parts of the domestic market. There should be no trade barriers within the United States. Preference established by statute, discriminations against business concerns of other states, and movements to discriminate against products from a distance should have no place in the relations of the states among themselves.

The Congress of the United States should not tolerate or cause to be erected impediments to interstate commerce, or relinquish to state or local governments any power entrusted to the Congress to keep interstate commerce free from obstructions of every kind.

Banking Act of 1935

CONGRESS in its affirmative steps to stimulate the free and sufficient flow of capital and credit into the securities of business enterprise should include amendment of the Banking Act of 1935 to permit commercial banks to participate in the underwriting of those classes of securities they are legally entitled to own to the extent of such amount as they are entitled to carry as investments.

Trade With China

EVERY possible effort should be made to develop and maintain trading and business opportunities for Americans in China equal to those of any other nation, in accordance with traditional American policy and international agreements. Restrictions now imposed in certain parts of China are so drastic and unfair to American interests that the United States Government should be urged to take steps which will result in removal of such restrictions and reopening of Chinese markets now closed to American trade. The measures already taken by the United States Government for the protection of American lives and interests in China are commended.

Trade With Latin America

TO promote mutually beneficial trade with Latin America, support should be given to our Government's foreign-trade program in its provisions for examination with individual nations of the Americas of basic factors that would influence the successful conclusion of reciprocal trade agreements, protests against discriminations made in the interest of competitor nations, and efforts to establish true equality of treatment among the countries of the Western Hemisphere.

Petroleum

THE Interstate Oil Compact has proved its value as a method of conserving a valuable natural resource and of doing this in harmony with the principles of preserving responsibility and initiative of the states in con-

trolling their natural resources. An important factor in making the compact effective has been the support of this state action by the federal Government through the Federal Hot Oil Act of 1935, prohibiting the shipment in interstate commerce of petroleum products produced contrary to the laws of any state. This Act, which expires June 30, 1939, should now be continued indefinitely.

Forestry

THE federal Government, through the Forest Service, is carrying on a comprehensive survey of forest resources. Enough progress has already been made to indicate that, on a national basis, with reasonable care, our forest lands are capable of producing all the timber we need for domestic consumption, with a substantial margin for export.

That this sufficiency of timber resources may be maintained there must be no lessening of efforts by federal and state governments and by private owners and operators to assure maximum crops on our forest lands. There are timber lands to be rehabilitated, and there must be protection against fire, insects and disease. In the interest of good management, Congress should authorize the Secretary of Agriculture to enter into agreements with other land owners for coordinated handling of national forests and intermingled private forests, including limitation of the amount of timber cut annually from all lands covered and avoidance of defeat of the purposes of such agreements through open competitive bidding for timber in national forests.

Social Security Act

AS Congress will soon consider amendments to the Social Security Act, the report of the Chamber's committee which is before the annual meeting is most timely.

Announcement of a decision by a congressional committee to prevent the tax rate on employers and employees from rising at the beginning of 1940 is most welcome, and contains recognition of the depressing effects of taxes collected now to pay benefits in distant years.

The financing of the old age insurance system should be definitely and permanently changed from a reserve basis to a basis for provision each year to meet the obligations maturing in the year. This means that the rates of tax for employees and employers will be so set as to bring in only enough to pay current benefits and build up a contingent reserve against periods of temporary depression. In the other recommendations of the committee respecting this part of the law we concur, including the proposal that benefit payments begin next January, with supplemental benefits under certain conditions.

The costs of this part of the law should have constant attention. As the law now stands, the costs will eventually become very large. We are concerned, and believe every thoughtful person must be concerned, over the total eventual cost of the present system to covered persons, employers, and the Government, which the original official estimates placed at ten per cent of pay rolls, and believe that actual eventual cost should always be kept below such a figure.

The burdens of the provisions for unemployment payments are also large. These burdens should be lessened by provisions promoting experience-rating and allowing relief for employers in states where funds have already been accumulated far in excess of the needs for payment of benefits. The federal tax should be limited to the first \$3,000 of annual salary, and other provisions also placed upon the same basis as for the old-age plan, in order that employers may make one report for the two kinds of pay roll taxes.

There are in Congress, too, proposals with respect to old-age assistance and public health. Advocating, as we do, a strengthening of provisions for old-age insurance, we believe there should be no additions to the federal responsibility for the old-age assistance plans of the states. Proposals for the increase in grants-in-aid to states for public health services and for the enlargement of public health programs should not be considered until the country can afford them and can pay for them without burdens that will create new hardships in other directions.

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Executives concerned with conserving clerical hours are using this booklet to assist them in correcting situations such as these:

BOTTLENECKS

If any department or individual is obliged to be inactive when work "clogs" at some other point, the cause of the bottleneck should be discovered. A slight change in equipment or routine may insure a more even flow of work.

PEAK PERIODS

If sales, purchases, costs, and other figures are merely recorded from day to day, peaks arise when employees must rehandle the figures to write customers' statements, take a trial balance, analyze accounts, or complete statistical reports. Newer methods make it possible to iron out peaks by eliminating costly rehandling of figures.

UNNECESSARY DUPLICATIONS

Duplication of media or records in a separate operation takes time and creates the possibility of errors. If unproductive intermediate steps are required to fit the work to present machines or system, investigate "direct-to-final-results" methods.

NEEDLESS OPERATIONS

Studying the work at each desk may reveal how a few simple short-cuts would save thousands of needless operations on your figuring, accounting, form-writing, and statistical work.

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Washington and Your Business

Encircling the Free Spenders

THIS department wishes to utter a feeble chirp of hope before the overhanging gloom descends again. It discovers from the published writings of such men as Harrison, Byrd, Sumners, Glass, Woodrum, that if the business men will:

Either run or fight when a new proposition for squeezing money out of the federal Government is offered, and:

Write their congressmen that they will not put up with such goings-on:

There is a chance that the glacier of financial sanity may get off its dead center and begin to hunch forward again. But the free spenders continue to have the best of it.

Working Up a Good Sweat

AT the moment of writing the early summer criticisms of Congress for having failed to do anything much are ringing high and clear. But it must be observed that a good part of the business of any session is in running fancy ideas over the sieve and deciding what not to do. Congressmen are highly allergic to the sun's rays in Washington and when the collar consumption gets up to two a day, bills will begin to become laws. The hump of desirable legislation being what it is, August 15 continues to look like a good day for going home.

Just a Natural Born Optimist

UTILITY men are enjoying the high jerks because the public ownership bloc is trying again to move under the screen of the national defense program. The scheme, as backed by Senator Norris, is to hand \$500,000,000 over to Secretary Ickes with which to get control of the utilities in the eastern district from Milwaukee to Birmingham to Chicago to St. Louis; on the plea that a "war emergency" may be born at any moment. This department is assured on what seems to be ace authority that President Roosevelt is not disposed to let it happen.

Day's Lesson on Not Believing

WHAT might be authority higher than an ace is equally sure that the President has had another change of heart. Corcoran and Cohen have moved in again. He might make another attack on business and he might assent to the public ownership bloc's plan to seize the utilities, in spite of the fact that the military chiefs have said that this might garrote all hope of setting up a really efficient national defense plan. Mr. Roosevelt is said to believe that his dependable political following is in the radical-reform wing.

Plenty Smoke Is in the Air

IN support of this is the constantly recurring rumor that Col. Louis Johnson, under-secretary of war, is to be forced out. Colonel Johnson came to Washington for the sole purpose of putting over the defense program, and his relations with business men have been notably cordial. It is not likely that he would stay on if his work were destroyed. Richard C. Patterson, under-secretary of commerce, and Gen. Robert E. Wood, volunteer aide to the Secretary, have already stepped out.

Old Army Game Being Played

IT is a fact that the up-setter boys are being filtered into the S.E.C. Henderson and Frank are, as every one knows, loudly radical and Commissioner Eicher is singing Little Sir Echo to them. Healy and Mathews are doing their best to keep the S.E.C. boat from rocking. But some of the recently selected subordinates are rated as hostile to business, and the decisions of any commission are necessarily shaped in great part by the men who prepare the cases. Explosions are to be anticipated. They will probably take place on a front wider than the S.E.C. Business men will note that Henderson plans to retain his post as economic adviser to the T.N.E.C., which is now looking into the S.E.C.'s report on investment and savings.

Men from Mars On the Trail

SUPPLEMENTARY facts are that Ben Cohen has acquired a hide-away in the F.P.C. offices. The National Resources Committee, which had a dignified but static career, has been taken over by the President under the authority of the Reorganization Act and may go dynamic at any minute. The National Emergency Council, which is a very fine-haired form of press-agency, has been moved into the White House. The T.V.A. is planning to send its power to St. Louis, which presages an attack on the St. Louis utilities. Senator Norris has repeated his speech in which he maintains that a dam can both catch flood water and hold a full head for power purposes. The F.P.C. has uttered another statistical blast. These things begin to look like a dark cloud.

Handsome Bow to John L. Lewis

JOHN L. LEWIS of the C.I.O. has offered the soft coal operators a new idea. He would have the operators collect union dues from all miners, whether members of the union or not, as a fee to the union for managing their affairs. That beats the closed shop by a long mile. Non-union miners would soon join the union into which they were paying their money, if only to get a voice in the proceedings. Report is the A. F. of L. is pinching Mr. Lewis' C.I.O.

Burke Calls it a 50-50 Chance

SENATOR Burke (D), Nebraska, thinks there is a 50-50 chance of slightly amending the Wagner Act in the present session. On Capitol Hill, the theory is that Dr. W. M. Leiserson was named to the N.L.R. Board in place of Donald Wakefield Smith with instructions to make the Board behave. In that way, the Act might escape amendment and the cards remain stacked against the employer. On the Railroad Mediation Board, Leiserson was rated as a fair-minded and earnest student of labor problems.

It's Harder to Break a Bundle

CRITICS of the President's action in uniting various agencies under the authority given him by the Reorganization Act insist that no considerable economy will result and that the increase in efficiency may be very slight. The worst of it is, they say:

Congress could eliminate a bureau here and a bureau there

The man everybody knows



IT IS LITERALLY TRUE that, sometime or other, almost everybody in America has come to know this man.

True, many people have looked upon him at first simply as a man who had something to sell. Some of them have even been annoyed at his persistence...a persistence born of his sincere belief in the value of the services he renders.

But today, increasing millions of people know this man as a friend. They think of him gratefully, as one who has shown them the way to security and greater peace of mind.

Because of this man, many a widowed mother and her children have been able to face the future with confidence and courage, secure in the knowledge that their immediate needs have been provided for...

Because of him, thousands of fatherless boys and girls have been able to obtain an education to fit them for life...

Because of him, many a work-weary man has been able to retire from business, to enjoy the carefree years that lie before him...

Who is this man...this man who has helped so many people in so many different ways?

You have probably guessed. He is your life insurance agent.

COPYRIGHT 1939—METROPOLITAN LIFE INSURANCE CO.

This is Number 14 in a series of advertisements designed to give the public a clearer understanding of how a life insurance company operates. Copies of preceding advertisements will be mailed upon request.

Metropolitan Life Insurance Company

(A MUTUAL COMPANY)

Frederick H. Ecker,
CHAIRMAN OF THE BOARD
Leroy A. Lincoln,
PRESIDENT

1 MADISON AVENUE, NEW YORK, N. Y.



Plan to visit the Metropolitan's exhibits at the New York World's Fair and at the Golden Gate International Exposition in San Francisco.

under the old system. But when a half dozen bureaus are joined in a bundle, each with its original money and power, that bundle is bound to be hard to break.

So grows bureaucracy. But to be fair about it, the Presidents of the United States have been asking for this power since Taft's time.

Who Relieves Who in W.P.A.?

W.P.A. Dispenser Harrington began with a bang as the successor to Harry Hopkins. On Capitol Hill, some think he may end the same way. The discovery that W.P.A., which is presumably a relief organization, had been in the habit of hiring skilled labor in the open market when it wanted to get a job done has ruffled the congressional hair, and Colonel Harrington has declined to take a properly apologetic and explanatory attitude. The congressional sufferers admit, however, that they do not see just what they can do about it.

Silver Lining to This Cloud

NO body of legislative opinion seems to be available to defend the Social Security Act. So many people want so many things done to it that all the changes may not be formulated until late this month.

It seems to be established that the one per cent increase scheduled for January 1, 1940, in the old age pension tax will be shifted back for two or three years. That would be an annual saving of \$200,000,000 for employers and employees alike.

Word of Cheer for Railroads

SO many things are on the collective minds of Capitol Hill that no one will say "when." But there is a vague feeling that ultimately the Federal Barge Line and the Land Grant statutes may be cancelled. That would help a little.

Life Raft at Treasury Door

PERSONS who watch the Treasury indicate that life-saving devices are kept handy by Under Secretary John W. Hanes. Mr. Hanes left the S.E.C. because, having watched Jerome Frank in action, he felt that his choice lay between resignation and mayhem.

He accepted the Treasury post on the definite understanding that some effort would be made to pare down the tax burden and now he is reported to see no probability of anything like that happening. The watchers say he may shove off at any moment.

Hanes Has an Ace in Hole

MR. HANES is in the blessed position of not needing the job. Observers report that Washington is filled with men who have jobs, and need them, and are intensely interested in doing them well, but who would bail out if they could afford to do so.

They agree with Senator Pat Harrison that there is plenty ruin ahead unless the Government stops spending, and they do not think it will. This pessimism may be a sign of hope. After all, Noah's dove carried in only a sprig of green. But the Ark found a beach.

Department of Nasty Gossip

PRESIDENT Somoza of Nicaragua (population 640,000) certainly picked himself the right moment for his visit to Washington. His reception was practically a pageant of silk hats and tank soldiers and set a precedent which is to be followed in the future when kings and potentates come to town. The explanation seems to be that the Administration planned to put on what amounts to a society

circus for King George and Queen Mary, but feared political kickbacks if they were singled out for such a show. All visiting rulers will be given the 32nd degree in the future.

Biting Into Live Wires

R.E. Administrator Carmody seems to have stepped into another mess of loose volts. The R.E.A. has been busily organizing rural cooperatives in Iowa, Minnesota and Wisconsin and the co-ops have demanded wholesale power service at rates lower than many of the municipally as well as privately owned plants could meet. Therefore Carmody, who was given more money by Congress than he had asked for, has allotted \$1,500,000 for a generating plant and is meeting with opposition.

Minnesota's municipal utilities are organized and plan to ask Congress to hold Carmody in check. And 1940 and politics are not far away.

T.V.A. Never in Good Humor

LOOKS as though the T.V.A. may get into the divorce courts again, for the triangle has reappeared. Members of the Authority, Harcourt A. Morgan and David A. Lilienthal were hand-in-hand until Chairman Arthur E. Morgan gained a decree, without alimony. (His suit for the back salary he claims, because his separation was illegal, is still hanging fire in the courts.)

Former Senator Pope, who succeeded A. E. Morgan, and Harcourt Morgan now seem to be soul-mates and Member Lilienthal is running around in the dark, trying to peek in through the windows. If it were not so very, very sad, the T.V.A. would be funny.

Sad Commentary on Humanity

IT is regretfully admitted in this corner that a reputation for open goodness is sometimes a handicap in political life in Washington. A good digestion often proves to be more of an aid. But Attorney General Murphy seems to have overcome this obstacle. No one doubts that he is honest in his profession of faith, or that he proposes to clean up the federal bench and its ante-rooms. He might be thinking a little about Republican Tom Dewey as he goes about his job, but Washington thinks he would get on with his house cleaning if the racket-buster had never been heard of.

The "or Else" Method Used

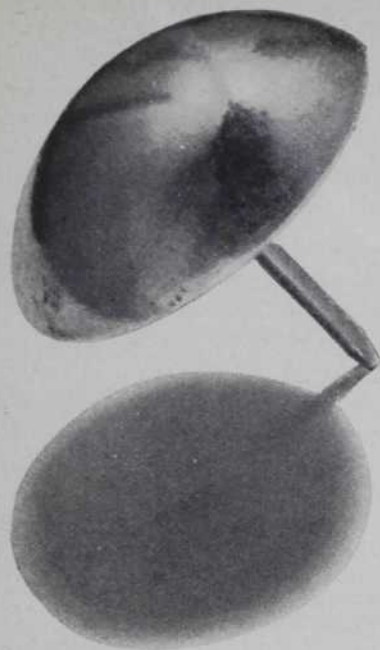
REPORTED that the C.I.O. is spreading in government departments like ivy over a stone wall. No government employee is forced to join the C.I.O., of course. One might say no employee is even coaxed. However—

5 to 2 That Hopkins Stays

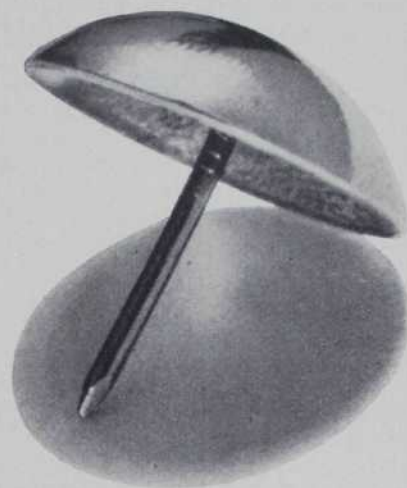
IN spite of the rumors that Harry Hopkins will be given a rest cure in some other job, the extreme probability is that he will continue as Secretary of Commerce. He has been comprehensively massacred as a 1940 possibility, if he ever were one, but it is assumed that, when he regains his vitality, he can be of greater political value to the President in Commerce than in any other position.

F. and D. on the Big Time?

THE Bureau of Foreign and Domestic Commerce, which has been very useful to business men, has been shifted from Commerce to the State Department. The career men in the Bureau favored the shift. Uncle Dan'l Roper let the political cows get in the Bureau's corn in the early days





Let's get down to
BRASS TACKS
on this matter of





COMPTOMETER ECONOMY


It's easy to say "Comptometers save time and money in handling figure work." They do, of course—but we'd rather get down to "brass tacks." The business and industrial concerns listed here are among the increasing number of organizations handling all their figure work by Comptometer methods. Quoted are excerpts from statements made by these users.


 **WILKINS-CASTLE-WILKINS, INC.**, Dry Cleaning, Syracuse, New York, uses one Comptometer. "The Comptometer enabled us to dispense with two other machines. We estimate this Comptometer saves us \$625 yearly."

 **RICHMOND GLASS SHOP**, Richmond, Va., uses one Comptometer to handle ten different classifications of figure work. "This machine saves us about \$35 weekly . . . also enables us to give estimates by telephone, saving time for us and our customers."

 **PASCO MEAT PRODUCTS CO.**, Buffalo, New York, uses one Comptometer. "The Comptometer saves us 75 to 100 working days per year. The Controlled-Key enables us to balance, on the first run, a weekly sales analysis of about 14,000 items."

 **CAMPBELL HEATING COMPANY**, Des Moines, Iowa, uses two Comptometers. "The Comptometers save us approximately \$1000 annually. We would not think of using a calculating machine without the accuracy safeguards which are Comptometer features."

 **DAIL STEEL PRODUCTS CO.**, Lansing, Mich., uses three Comptometers. "Comptometer methods have met our figure-work requirements perfectly. The Controlled-Key and other accuracy features are indispensable."

 **HENRY FISCHER PACKING CO.**, Meat Packers, Louisville, Ky., uses four Comptometers. "We find that the Comptometers save us 5 or 6 hours of overtime each week, and we are able to get reports much more promptly. In all, these four machines save us about \$3500 annually."

Whatever your business . . . whatever your figure-work problems . . . it is likely that Comptometers and Comptometer methods can reduce your figure-work costs. It's a simple matter to find out—without obligation, of course. Telephone your local Comptometer representative, or write direct to Felt & Tarrant Mfg. Co., 1712 N. Paulina St., Chicago, Ill.



COMPTOMETER

REG. U. S. PAT. OFF.

of the New Deal, and the career men think they will be safer in the State Department. Hopkins will get something in a swap, of course. He will need something, if he is to keep filled the stone barn that Hoover built.

I. Q.'s Have a Market Value

ONE does not hear so many dirty cracks about white spats nowadays from the strong and brave. The career men in the State Department kept their shirts on during the recurring war crises when some of the bone and sinew succumbed to the moaning trembles. We seem to be returning to the old idea of training men for diplomatic work, instead of closing our eyes and picking them by touch.

Secretary Cordell Hull has been running the applicants for State Department jobs through a fine mesh lately. Out of 400 plus candidates in a recent examination only 20 plus got jobs.

S.E.C. Shooting Sitting Birds

LAWYERS say a recent statement of the S.E.C. is an all-time high in naiveté. The S.E.C. explains its refusal to permit lawyers it has employed to practice before it until after six months in this way:

"They might make use of something they learned while with the S.E.C."

Boil that down and it seems to mean that the S.E.C. proposes to sock the citizen in any case. If he is in the wrong, the bogey man will get him. If he is in the right, he will have a hard time proving it.

Crew of the Nancy Gig

LOUIS G. CALDWELL, expert on radio law, reports that, if a lawyer wishes to qualify for general practice before governmental agencies, he must file 14 applications, obtain ten clerk's certificates, and one personal certificate of a judge, submit to seven investigations as to character, reputation and standing, take one examination, 14 oaths, and be subject to discipline, suspension or disbarment by 23 or more agencies.

And, Mr. Caldwell adds, the situation is growing worse. There are from 30 to 80 federal agencies that may at any moment try their hands.

"The Only Game in Town"

CITIZENS who have appeared before government tribunals have been reminded of the old story of the gambler who was playing faro:

"This game," said a friend of the gambler, "is crooked."

"But it's the only game in town," said the gambler.

A departmental agency may be detective, prosecutor, judge, jury and hangman. On the frontier an unbeatable hand of poker was once known as an Arkansas flush:

"Four jacks and a bowie knife."

Four Facts to Contemplate

REPORTED, as they say on Capitol Hill, without recommendation:

There is, probably, a pressure group on every fourth section in the United States, asking Congress for something. New inlays for children's teeth, free oil for old cars, instruction in communal singing, dancing on the green.

The probable net federal deficit for the year ending June 30 will be about \$3,000,000,000.

Boston's real estate taxes are so high that the city has set up a special real estate bureau to sell tax delinquent property.

The Tax Policy League reports that in September it

found fewer than 600 organized taxpayers' groups in the United States. Today there are 1,153. More coming every day.

Plow that Broke Their Patience

the other day:

"Clean up 'The Plow that Broke the Plains,'" ordered authority. "The farmers are kicking. They say it ain't so."

Just a year ago, this picture was the fanciest exhibit of the Third New Deal. And did the Second Avenue farmers love it!

"Come-All-Ye" Still Sounding

FROM the press gallery the report comes that Senator Byrnes' bill, providing that the states shall share relief costs with the federal Government, is not winning any enthusiastic echoes from the hills of home. State opinion is that money can be squeezed out of the federal Government more easily than from the taxpayers who live along party lines. Byrnes' bill not regarded as likely to become a law.

Dollars May Go Flying South

THE State Department is said to be genuinely receptive to loan applications from Latin American countries. Broadly speaking, every South American country would like to borrow a little money and again broadly speaking the credit of most of them is good with the State Department. Nothing is being firmly said about Mexico.

Chain Stores Feeling Better

CHAIN store folk say the effort both in Washington and the states to tax chain stores out of existence has subsided. Chief effect has been to inform producers and consumers on the actual operations of the chains. They say they like that.

Smoke Rising Over the F.C.C.

EFFORTS are being made by the Administration to moderate the blood pressure of the Congressmen who wish to dig into the tangled affairs of the Federal Communications Commission. Senator Wheeler is reported to have lost a certain amount of interest in his bill to reduce the Commission from seven to three members but his congressional colleagues are still discontented. Indications are that an excavation cannot long be delayed.

More Than One Way to Kill Cat

SENATOR Adams (D.), of Colorado, has found support from other members of the Appropriations Committee for his proposal to create a permanent staff of budget experts:

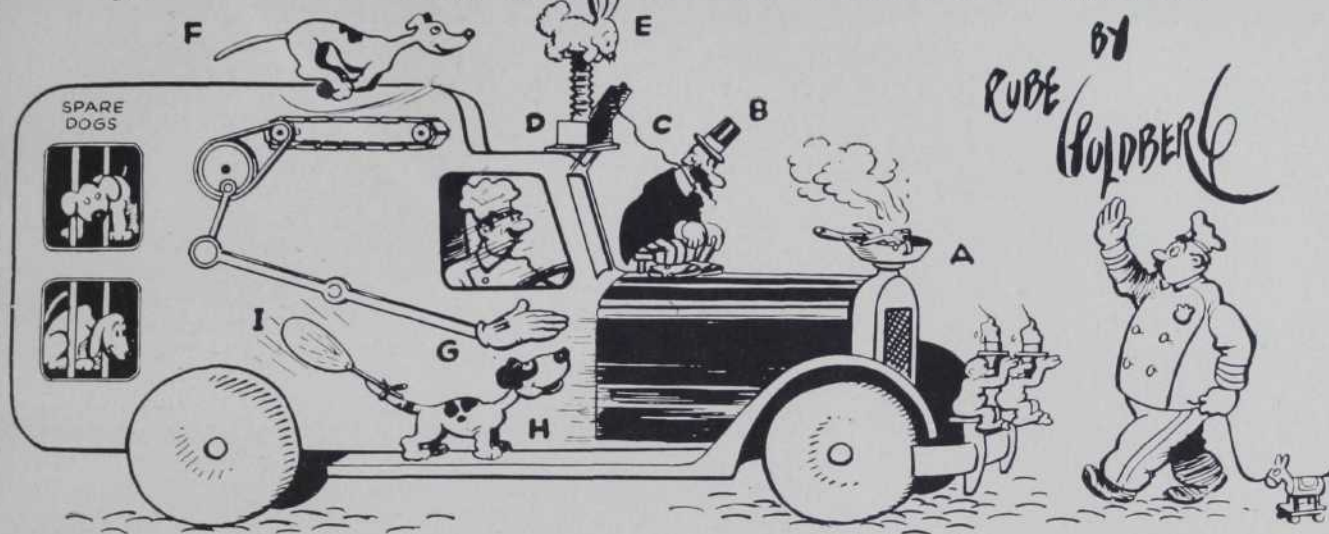
"Not a living soul," he said, "ever comes in to represent the taxpayer."

His bill, if it becomes a law, would leave the President's Budget Bureau on the end of a long and yielding limb. It is at present, Adams says, merely an agency through which the departments express their hunger for more money.

If a bicameral budget staff were named, nothing much would be left of the Bureau. There are people, of course, who say that not much is left of it now.

Herbert Corey

HOW TO COOL YOUR TRUCK TIRES



FROGS' LEGS COOK ON RADIATOR CAP (A) ~ FRENCHMAN (B) GETS UP TO EAT FROGS' LEGS ~ STRING (C) OPENS JACK-IN-BOX (D) ~ FAKE RABBIT (E) POPS OUT ~ WHIPPET ON TREADMILL (F) CHASES RABBIT, CAUSING HAND (G) TO PAT AFFECTIONATE DOG (H) ~ DOG WAGS TAIL AND FAN (I) COOLS TIRES !

Now Goodrich Gives You a Cooler-Running, Longer-Mileage Truck Tire

● We don't expect you to take seriously Rube Goldberg's latest invention for making truck tires run cool. But for your own profit, remember this. To give you all the mileage built into them at the factory, truck tires must run cool!

That's why Goodrich developed a revolutionary new Triple Protected Silvertown—a tire that will not heat up dangerously—even under peak loads and top speeds. A cooler-running husky—here to give you the greatest mileage you've ever known.



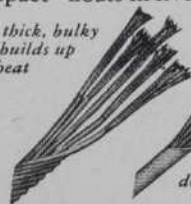
DEATH BEGINS AT 240°

When you put on a heavy load, keep it rolling fast... you're usually inviting tire trouble. Heat builds up quickly inside those big rubber casings. There's danger ahead at 240°. Then 260°, 280°, 300°, and—your tires can't take it. They blow out! Sustained temperatures of over

240° cause more premature failures than all other factors combined!

How has Goodrich licked this problem? With a new kind of cord. Hi-Flex Cord, made of American-grown cotton, processed in Goodrich-owned mills. It's more compact—floats in live insulating rubber.

This thick, bulky cord builds up tire heat



This new compact Goodrich Hi-Flex Cord cuts down dangerous tire heat



It's stronger and more elastic—after stretching it comes back alive throughout the life of the tire. It retains its strength. Because it is compact, it is possible to build a less bulky tire.

This amazing cord actually fights heat! Not only slows down its generation but resists better what little heat is generated. Premature failures due to excessive temperatures are effectively checked! Breaks and blow-outs in the sidewall are practically eliminated!



IT'S BEEN PROVED ON THE HIGHWAYS

New Triple Protected Silvertowns built with this cord have been used on some of the worst "tire-killer" hauls in the land. They've run two—even three times longer than the best tires used before!

YOU PAY NO EXTRA!

These cool-running, long-mileage Goodrich Silvertowns do save truckers money. They're proving this today on every type of operation. Yet they cost not one penny extra! Right now at your Goodrich dealer's or Goodrich Silvertown Store you can get a dollars-and-cents estimate of how much they will cut your tire costs. Stop in soon!

BUILT WITH HI-FLEX CORD



Goodrich Triple Protected Silvertowns

SPECIFY THESE NEW SILVERTOWN TIRES FOR TRUCKS AND BUSES

No Business Can Escape Change

**"The KEY to RECOVERY" is to
give business a free hand in
improving the lot of us all**

1 • A CRAYON recently developed will write on hot metals without melting or running off. Used on cold metals, the mark is not obliterated by heating.

2 • A TENSION wrench of new design has a small light which flashes when the proper tension is reached. Desired tension is quickly pre-set or the scale may be reversed to show absolute tension.

3 • A NEW air-cleaner combines an automatic self-cleaning viscous air filter with electrical precipitation and is said to give unusual efficiency in cleaning.

4 • A NEW furnace, available for either oil or gas, burns with any one of three degrees of heat contrasted with the usual on-and-off method. More even temperature with fewer changes in operation are claimed.

5 • FOR HOSPITALS, schools and other buildings requiring quiet, there is a new water closet with whirlpool action, siphon jet and other improvements to cause a minimum of noise.

6 • FOR EASIER assembling of small parts there are small bins which can be set up in a semi-circle and stacked one above the other. A sloping floor feeds contents toward the front.

7 • A NEW quick-acting vise has a movable jaw which is quickly and firmly locked. The jaws and base are ground square. It's designed for precision tool room work or production operations, has three inch jaws and opening.

8 • AN ELECTRIC refrigerator is now made with the thermostat removed from the cold box so that food load and room temperature govern its operation rather than temperature of the freezing unit. Economy with better food preservation is said to result.

9 • A SYSTEM of written interior communication recently devised uses a standard electric typewriter. When not used for communications, the machine can be used as a typewriter. It is used for either one-way or two-way communication with two or more machines.

10 • A NEW scale is designed to resist rust and acids without working in a pool of oil. It has a special alloy housing and an oil spray system for all working parts. It is end tower design, has no beam, and weighing is against chrome plated weights.

11 • A NOVEL propeller for outboard motors changes pitch automatically so that it can be used easily for trolling. The slower the motor the lower the pitch of the propeller.

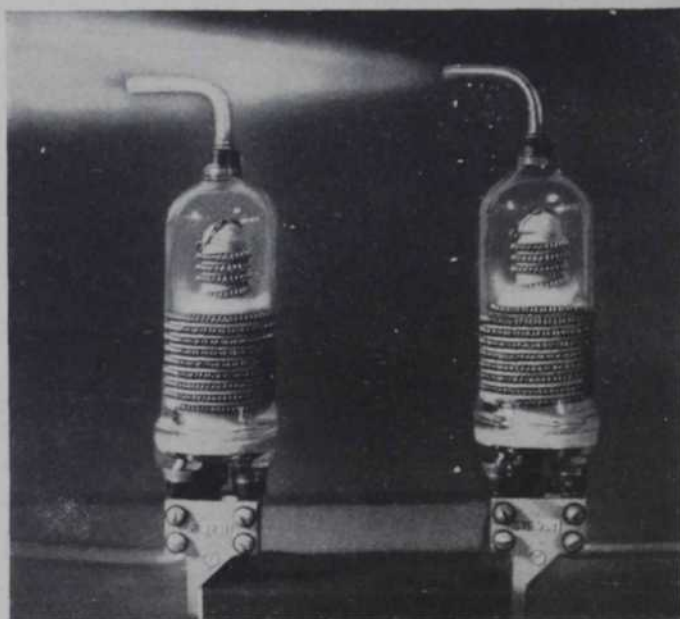
12 • CONCRETE with greater hardness and toughness is said to be possible with a new mineral product to replace sand. It is crushed, washed, dried and graded for size. It is usable with mastic floor patching material.

13 • FOR POLISHING and refinishing silverware, a novel polish cleans and at the same time replates. For gold, steel, chromium, it acts as a polish but does not plate.

14 • A NEW door hinge has a simple but effective non-rising pin. The pin has a split ring which snaps into place easily and holds until the pin is withdrawn.

15 • A NEW quick-acting paint remover contains no caustic or alcohol, is said to remove paint within ten minutes with usually only one application. It does not burn through nor harm brushes.

16 • A CARBOY for the shipment of many chemicals is made of aluminum. It requires no crate and saves 50 pounds in shipping weight. It has folding handles for easy handling.



23 • A MIDGET electric boiler generates superheated steam in 15 seconds. About the size of a fruit jar, it can be used for sterilizing or many other purposes. Operating continuously it uses five pints of water an hour.

17 • TO SCRAPE paint and use up old razor blades a new scraper is made which contains slots for shifting of blade to various positions; also a compartment for extra blades.

18 • PAPER plates are now made with a lining of aluminum foil. They have an attractive silvery appearance, look more sanitary, and are well adapted for serving moist foods.

19 • A SMALL outboard motor is now made to run on storage batteries. The mounting bracket is adjustable.

20 • A NEW sensitive pressure control for hydraulic presses gives rapid approach of the ram at nominal pressure, then by further movement of the control gives any required working pressure up to the capacity of the press. A gauge shows working pressure and an adjustable stop prevents exceeding a predetermined pressure.

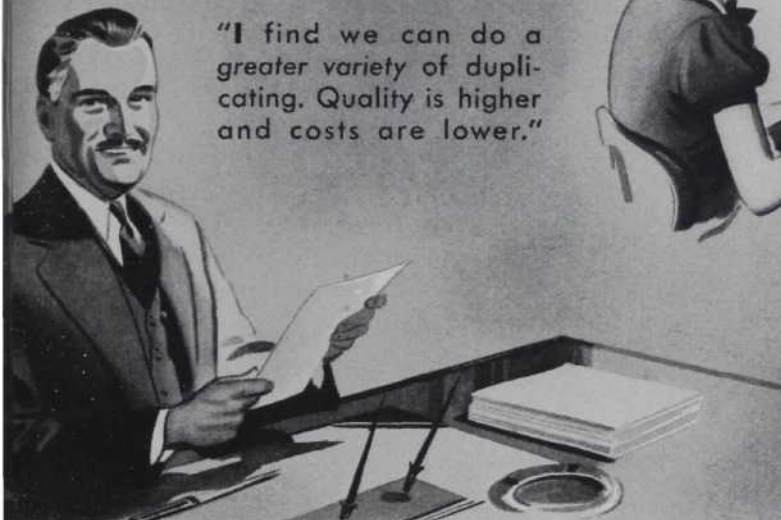
21 • A NOVEL, economical method of joining woodwork supplants tongues and grooves and some other devices. It is essentially thin metal keys fitting in matched grooves. It can be used as a slide for windows and drawers.

22 • A FAST air-drying enamel which sets in 20 minutes gives good hiding and high gloss in one coat. It is elastic and adheres well to wood and steel.

—W. L. HAMMER

EDITOR'S NOTE—This material is gathered from the many sources to which NATION'S BUSINESS has access and from the flow of business news into our offices in Washington. Further information on any of these items can be had by writing us.

All in favor say "I"



"I find we can do a greater variety of duplicating. Quality is higher and costs are lower."



"I really enjoy preparing the original copy. I have it ready for duplicating in a jiffy."



"I turn out beautiful copies, day after day... and it's all so simple."

They All Vote for the Multigraph Duplicator

Executives like it. Plans are put to work faster. Instructions, sales bulletins and illustrated letters speed up business. Money is saved because so *many* forms can be duplicated in the office.

Employees like it. Copy to be duplicated is prepared quickly and easily—using typewriter, pen and ink or crayon. The automatic electric Duplicator is easy to operate. Uses a variety of *standard* papers—on both sides in many cases. No slip sheeting.

Does more work better. Thousands of concerns are using the Multigraph Duplicator to produce all kinds of communications, business forms and promotional literature. Ask your nearby Multigraph man to show you samples of work and demonstrate this new method which *saves money* and *does more work better*. MULTIGRAPH SALES AGENCY is listed in principal city phone books. Or write us at address below for complete information.

ADDRESSOGRAPH-MULTIGRAPH CORPORATION
Cleveland, Ohio

ADDRESSOGRAPH-MULTIGRAPH OF CANADA, LTD., TORONTO
Sales Agencies in Principal Cities

VISIT THE ADDRESSOGRAPH-MULTIGRAPH EXHIBITS AT NEW YORK WORLD'S FAIR AND GOLDEN GATE INTERNATIONAL EXPOSITION

Automatic Electric
MULTIGRAPH \$335
DUPLICATOR CONVENIENT PAYMENTS

F. O. B. CLEVELAND. MODERATELY HIGHER IN CANADA

*Multigraph is a trade mark registered in U. S. Pat. Off.

Do your customers



MISINTERPRET YOUR LOWERED PRICES ?



YOU have heard people say resentfully, "Why *shouldn't* they lower their prices? They certainly make enough profit."

Or a different attack is made: "Sure it's cheaper, but it probably isn't as good. I guess I'll take the other kind."

Sales suffer when the public misinterprets low prices. What the public doesn't know about the company *behind* the product can undermine sales.

Public utilities have known for years that it takes more than decreasing prices to create good will and please customers. Telling the public about the company's policies is also important.

Many successful department stores which feature low prices also use advertising to explain company policies, standards of quality, researching and testing—what happens be-

hind the scenes.

Retail stores featuring low prices can be aided by company advertising to inform the public about their policies.

Today, when all businesses are being carefully eyed, advertising finds itself with not one job to do, but two. Not only "product advertising," but "public-relations advertising" to influence sales by telling the story of price and profit policies, labor policies, or research.

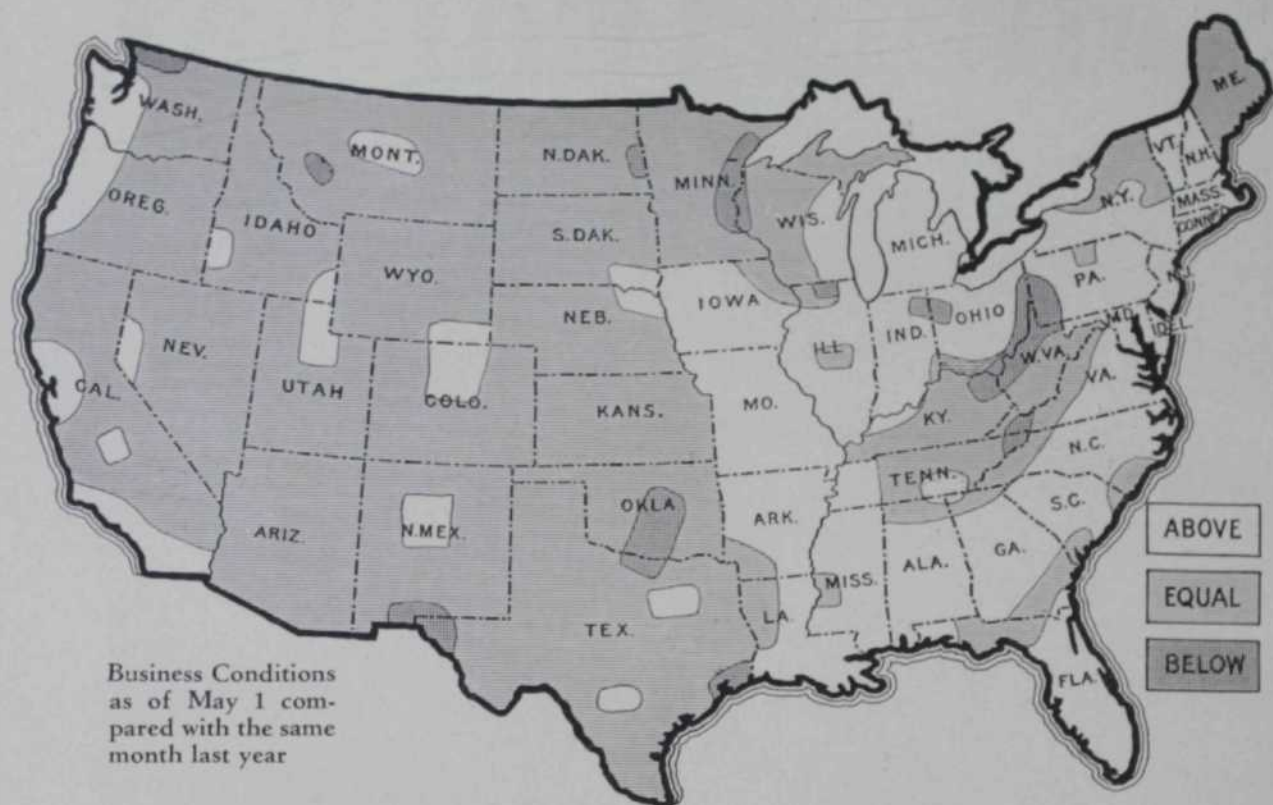
Is your business clearly understood by the millions of families you want for your customers?

THE CURTIS PUBLISHING COMPANY

The Saturday Evening Post • Ladies' Home Journal • Country Gentleman

The Map of the Nation's Business

By FRANK GREENE



APRIL reflected uncertainty due to declining domestic business and continued foreign political unsettlement. Automobile production increased although retail car sales were disappointing. Steel ingot output decreased 12 per cent from March to the year's low point.

Despite the shutdown of bituminous mines, carloadings recovered rather sharply after a heavy decline during the first week of the strike. Electric output held its gains over 1938. A large back-log of aircraft orders resulted from the Defense Program. Engineering awards increased above both March and April last year.

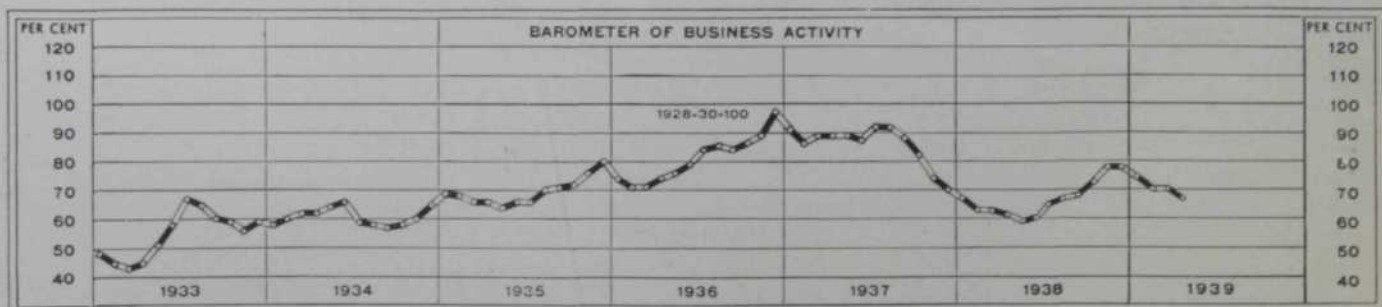
Erratic security markets recorded a slight decline for the month with turnover extremely small. Commodities developed a better tone, wheat rising sharply on reports of deterioration in the Southwest.

Wholesale buying remained cautious, while retail activity improved. Bank clearings and debits were about even with April, 1938. Number of business failures declined by 2.5 per cent.

A slight darkening of the Map, especially in the Appalachian region, reflected the protracted labor difficulties in that district



The map of last month



After leveling off in March, business activity during April resumed the down trend of January and February, due largely to sharply curtailed operations in bituminous coal mining



At the Royal Hawaiian, PABST Gets the Call. Blue Ribbon is the smart world's choice at this Pacific Paradise. Once the playground of Hawaiian kings... a hotel of indescribable beauty, fronting the world-famous surf and sand of Waikiki Beach.

At Santa Anita, PABST Gets the Call. Never has the Sport of Kings enjoyed a more glorious setting. It's Southern California's paradise of thoroughbreds and fashion. And everywhere—for relaxing refreshment at the Club House and thirst-quenching goodness in the Grandstand—the winner is Pabst Blue Ribbon.



Where the Smart World sets the Pace
Pabst
GETS THE CALL!
For Keener Refreshment...

From the dazzling sands of
 The beach at Waikiki
 To the Swank Miami shoreline—
 From the gay social whirl of
 Westchester to the brightly
 Shining stars of Hollywood—
 Pabst Gets the Smart World's Call,
 Because—it's Brisk-Bodied for
 Keener Refreshment... streamlined
 For a quicker, more sparkling
 Lift in every delicious drop.
 Nothing heavy or syrupy to
 Slow up its invigorating action.
 Just pale golden goodness you
 Never tire of... brewed with
 Matchless master skill to a
 95-Year Tradition of Quality.
 And—this is very important—
 Pabst is thoroughly aged...
 To precisely that peak point
 Of soul-satisfying, thirst-
 Quenching tang you find in
 Rare old champagne.
 No wonder Pabst Blue Ribbon
 Is the Smart World's Password
 To keener, zestier living...
 The Class of All Beers
 In a Class by Itself!

Pass the word...you want
Pabst BLUE RIBBON
For Keener Refreshment



What Helps Business Helps You

By WENDELL L. WILLKIE

ECONOMICS are generally dull because they deal, of necessity, in large figures and more or less glittering generalities, which seem remote from our lives. When we are told, for example, that, in the past ten years, the Government has spent \$27,000,000,000 more than its income, it does not mean very much to us. But whenever any one of us spends more than his income, he is definitely aware of what that means.

Similarly, when we hear people talk about government competition with industry it makes little impression. But, if the Government should move into our town and put our friend Joe the grocer out of business by setting up a government grocery store, we would begin to take notice.

Most people in the United States live by industry. We have money in our pockets when industry is doing well; we count the pennies—or look for pennies to count—when it is doing badly. Whether you are a man with a job, or the wife of a man with a job, or a farmer selling to the man with a job, your economic condition

depends upon the general business condition of the country. What helps business helps you.

There is nothing new in this idea. Our forefathers understood it although they may not have phrased it in exactly that way. But they were great believers in individual initiative and business enterprise. They knew that the Government could neither start nor develop an industry; it could merely encourage the people to start and develop it. So our fathers did their best to encourage private enterprise. When they said "freedom," they did not mean simple freedom of religion, freedom of speech and freedom of the press. They meant economic freedom as well.

Their faith worked so well that today most families in our country have automobiles, radios and telephones whereas most families in other countries do not have those things. And we take for granted that this is the best country to live in.

Three conditions are necessary for the start of any business, and these conditions flourished in the United

States as nowhere else. First of all, we must have the man with an idea—the inventor. Then we must have other men willing to organize the idea and back it with money—the investors; then we must have a management free and able to conduct the enterprise.

If you review some of the stories of American business, or some of the stories of local business in your town, you will find that this is true. The Government did not organize these enterprises. Always it was a combination of the inventor, the investor and management which made industry grow. America became economically great because she encouraged the man with the idea, the man with the money to develop it, and the executive to manage the enterprise.

Growth of electric power

THE industry in which I work offers many stories of that sort because it has grown so fast in the past 30 years. Only a relatively few people had electricity at the beginning of this century. Today some 26,000,000 families use it. The Commonwealth & Southern System, with which I am associated, recently sold one of its companies—the Tennessee Electric Power Company—to the Government because otherwise the company would have been destroyed by the competition of the Government's power enterprise, the Tennessee Valley Authority.

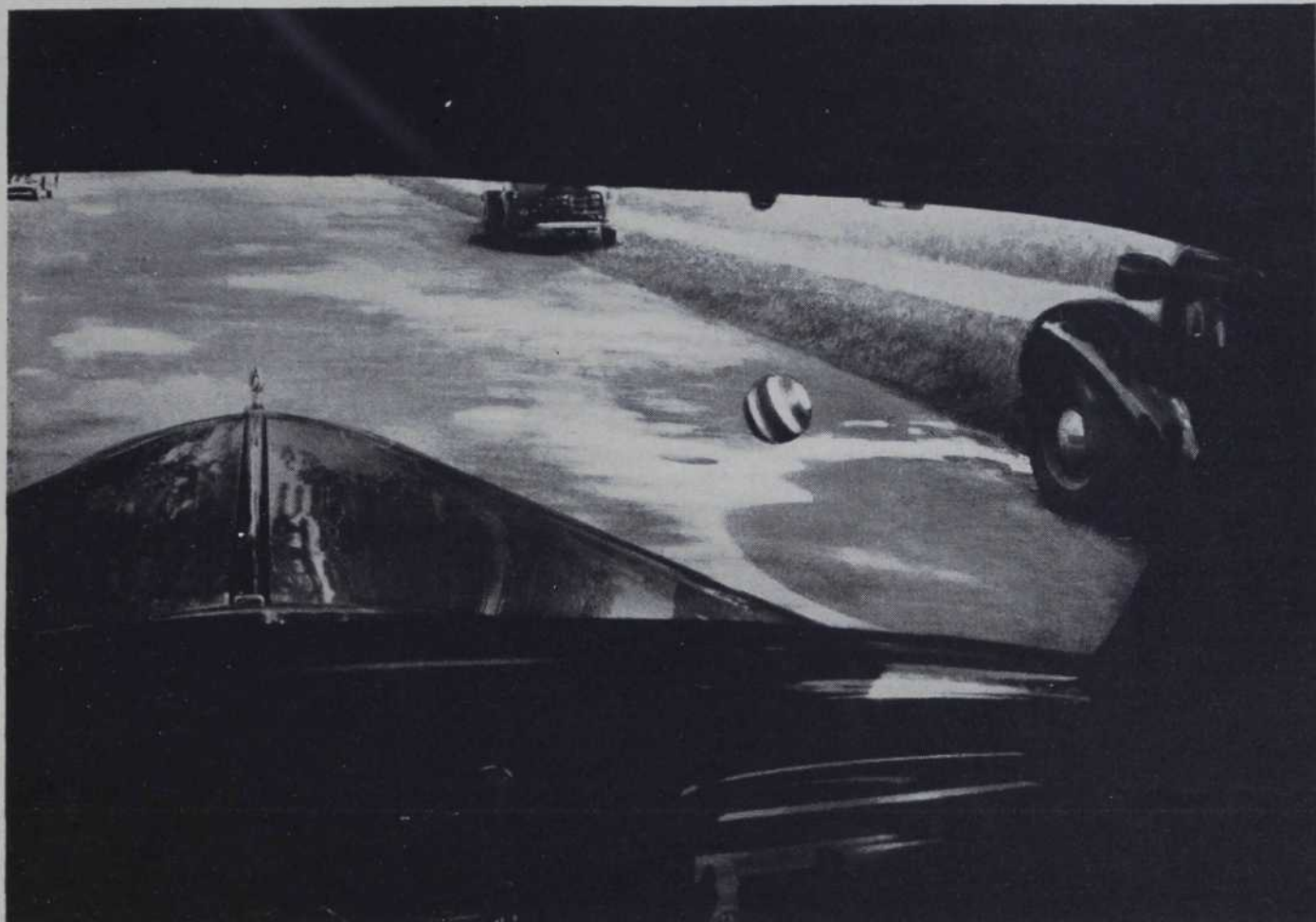
The story of this Tennessee Company is like that of many others. There was little electricity in Tennessee in 1904. There was an engineer in Chattanooga, however, who saw the possibility of converting the Tennessee River into useful power for the people of the Tennessee Valley. He wanted to build a dam across that river. Of course, the people said what they always say whenever there's a new idea: it couldn't be done. They said that no one had ever been able to build a dam across the Tennessee River; in fact, no one had ever tried to; the river was too big, too treacherous; even if the engineer was able to build the dam, it wouldn't hold water because the river bottom was full of holes, and the water would run out of these holes into great caves and through subterranean passages under

(Continued on page 102)



"I figured I might as well pick up some extra money."

"Unforeseen events . . . need not change and shape the course of man's affairs"



THE STAGE IS SET FOR TRAGEDY

In a split second, the curtain will rise . . . a game will end abruptly as a youngster dashes into the street, eyes glued on a bouncing ball. It will be too late for the driver of an oncoming car to jam on his brakes, too late to wrench his wheels aside . . . he is going too fast!

Remember, when *you* are behind the wheel, that at 30 miles an hour, it takes you 100 feet to bring your car to a stop. Remember, too, that most of the responsibility for

accidents involving children must be shouldered by you, for children at play have their mind on the game, their eye on the ball. Keep *your* eyes on the alert.

This year The Maryland will continue the safety educational work it has done for many years, to the end that the annual toll of fatalities from traffic accidents may be lessened. You can help, by driving carefully, especially on city streets. Maryland Casualty Company, Baltimore.

THE MARYLAND

The Maryland writes more than 60 forms of Casualty Insurance and Surety Bonds. Over 10,000 Maryland agents are equipped to help you obtain protection against unforeseen events in business, industry and the home.

The Eighty-Hour Week for Executives

By ARTHUR WALSH

THIS GENERATION has kissed goodbye to more traditions—social, personal, business and economic—than any other American generation since Columbus started his boat toward China. While dozens of competent authorities will calmly assure you that “people don’t change,” the fact remains that, if you change the habits of people, you change the people. Today’s “workingman” is entirely different from the “workingman” of the Nineties and—forced by the same conditions—the executive of 1940 must be a wholly different person. How the “new executive” can remain a human being and not turn into a madman is the subject of this article.

First of all, I am not complaining about new laws or new conditions. To my mind they were inevitable. How to provide greater security, better housing, higher wages and shorter working hours to more people are the objectives of all political parties. Methods for reaching these goals may differ, but any method probably requires new and complicated laws. Debate on the subject is futile. We’ve got the laws now! And I’m betting that we’ll always have most of the ex-

isting ones and probably a lot of new ones.

The same law-making philosophies which are cutting down the workingman’s weekly hours are shooting up the hours-at-toil of the executive. Golf on Wednesdays, duck shooting and trout fishing for men with official titles have given way to ‘phone calls to the patient wife that, if things break right, Mr. Boss hopes to be home for Sunday dinner. Tables have turned and the day may even come when the officers of a company will be picketing so that they, too, can have a 40 hour week instead of an 80.

Many of today’s problems of running a business are so new that they can not be readily delegated to the most competent assistants. The boss himself must give the answer and it will be years before these problems become so routine that assistants can make the decisions.

Time was when a factory foreman could fire a man without consulting anyone. Today, a sound “labor relations” policy requires that the foreman ascertain the man’s length of service with the company or if he is really less able than a man of shorter

service who is being retained. That is as it should be. Many of these cases are of a border-line nature, so the foreman sees the production manager. That gentleman has been warned by the management to be extremely careful in handling matters of this sort. So, instead of giving an immediate answer, he phones the head office to say that he has something to discuss.

Meanwhile, the extremely gifted advertising manager wonders if, under the Wheeler-Lea Act, an advertisement would dare state that “Lizzie Brownham’s Asparagus Compound grows hair on the chest and restores virility.” He decides he’d better get an official okay on this piece of copy, so he phones the boss.

The boss keeps busy

ENTIRELY independently, the sales manager is wondering whether registering under the Fair Trade Act in such-and-such a state will get his company into trouble under the anti-trust laws. Certainly, it’s too big a problem for him to decide by himself. So he phones the manager’s office.

About this time, the personnel manager has a really knotty problem. The traveling auditors have just called on the small service station of the company at Roacorn, Ga. There they found the situation pretty serious. The service man, not having enough work to employ a girl in the office, had made a deal with Tillie Glutz, from the beauty parlor next door, to answer the ‘phone in his absence.

For this service he had been slipping Tillie five bucks a month, an item which appeared on his expense account. The auditor described this situation in an impressive report to the Boss, and this report was passed along to the personnel manager. That careful gentleman decided that Tillie Glutz was really an employee of the company and should be on the regular pay roll and registered under the Social Security Act.

Then there were unemployment insurance, workmen’s compensation and the wages and hours act to be considered, not forgetting the company’s own pension plan. Bothered by this problem the personnel manager also seeks an appointment. Yes, an ap-

(Continued on page 99)



"They both read the same book, 'How to Put Your Competitor out of Business'."



BAD NEWS, SALLY— THERE WILL BE NO DIVIDEND

HER husband had been an important stockholder in his business, a vital factor in its management—and every cent he could set aside had been invested in the stock of his company.

His death left two conflicting interests: on the one hand, his widow, now an important stockholder, desperately in need of dividends—and on the other, the surviving active stockholders, concerned with the welfare of the business, perhaps faced with losses and the neces-

sity of conserving cash rather than distributing it to stockholders.

To prevent just such situations, too often tragic in their consequences, more and more alert business men and women are turning to Northwestern Mutual Stock Purchase Insurance, to carry out a plan for stock liquidation.

This simple, practical plan can protect the interests of the company and the family. It provides immediate cash for buying the holdings of a deceased stockholder. In addition

to these safeguards it creates a liquid cash reserve of steadily growing value, which may be of vital importance to the business during periods of stress and strain.

Equally vital to partnerships and sole proprietorships is Northwestern Mutual Business Insurance—in solving problems of orderly liquidation, or transfer to successors, or profitable continuation.

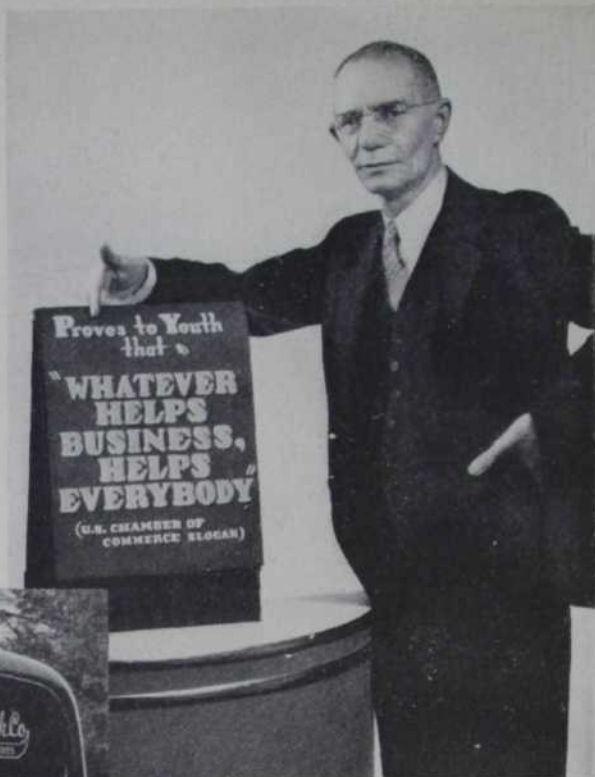
For working out a plan fitted to your particular problems, consult the Northwestern Mutual agent. Talk over your problems with him.



THE NORTHWESTERN MUTUAL LIFE INSURANCE COMPANY

A New Plan That Gets Youth Jobs

By PETER NEUMANN



Mr. Pilcher (above) makes better understanding the basis of his plan



Frank Platt, club graduate, found work at once, is in line for sales job soon

IT TOOK no little courage, in the depression Junes, for a successful business man to speak encouraging words to graduating classes. How could he admit to these eager young people that the world of business had no place for them? How could he tell them to sit on a shelf until they were ready for business, and business was ready for them? The answer is simple: he didn't tell them anything. He blustered and squinted for a sight of prosperity; and sent them on their way—alone.

The Class of '39 isn't going to have a very cheery outlook, even with business on the upgrade. Last year more graduates went back to school than ever before, waiting the time when perhaps they could break into industry. They will be just as unprepared for business when they again leave school as they were last June. But one or two towns might show the way to a thousand others—because they have found the way to remedy a stupid situation.

Everett, Wash., in the hard-hit Puget Sound lumbering country, found the answer to its unemployment problem in 1935. There's still

unemployment there—but it's on the way out. Everett needed either a plan or a man who could give them one: they found both in Gilbert Pilcher.

A retired advertising man, his modesty belies his profession, his quiescence his boundless energy. He spent a year as secretary of the Manhattan Business Science Club in New York, and six years as secretary of the Chicago Association of Junior Executives. He had indirectly placed 2,600 young men in those seven years, and when he went west, he made it his hobby. Helping industry and young men to understand each other has been his golf; and it has kept him young.

Picking boys for jobs

PILCHER'S plan is simple. He went to the local high school and, with the principal's help, picked 15 young men for his "Get Ready for a Job" club. Within two months every one of those boys had been placed in a local business; and they are there to stay.

Gilbert Pilcher cashed in on the lesson the depression should have taught every job-seeker. He realized

that the only openings in long established industries were at the top; that only the younger industries could accommodate relatively unskilled people. He attacked the problem of Business vs. Youth more as a puzzle than a battle.

He sought to bring about frequent opportunities for high school seniors to meet and associate with employers; to learn from them directly the employers' problem; to earn and merit the employers' respect, confidence and liking; and so to impress employers with their sincerity and understanding that they would be chosen to fill positions after their graduation. He sought to impress upon these prospective job-holders the necessity of learning their own aptitudes.

To club members he first explained the necessity for making themselves known in their community. A town of 30,000 inhabitants didn't seem to offer much a group could do in this line. Pilcher suggested that they volunteer to serve as ushers at public gatherings, conduct surveys for the city council, service clubs, or welfare organizations; help police direct traffic on special days; conduct information bureaus for tourists; assist in drives for Red Cross, community chest, Y.M.C.A., canvass the town to

encourage citizens to cooperate in annual clean-up; mark historic spots; provide music or entertainment at service club meetings. In brief: he insisted that *they make themselves known*.

Pilcher urged that each keep informed on the field he wished to enter, read trade papers, and talk to men in that business. He advised that they vary their interests, develop character and poise, widen their circle of acquaintance, strive for versatility, acquire the qualities of leadership, and learn not to define success in terms of money.

He begged the boys to shy away from the too crowded fields unless they were sure that they were top-notch material. He stressed rather the new fields of mass production and housing, air-conditioning, and others.

Encouraged mutual understanding

IF THEY still felt that they could fit into the top positions, or if they wished to follow these newer fields, he sent them to invite local leaders in those fields to speak to the entire group, to tell them the needs of local businesses, and the chances, if any, for young people. He based everything on mutual understanding.

Week after week the young group met, and the hour and a half meeting soon proved too short. After they had listened to Pilcher, they listened to their own civic leaders. Local business men were amazed at the potentialities so obviously absent in interviews a few months before. Here were young men selling their services, not themselves. These were the same boys who had helped in a dozen civic enterprises. Everett and its business leaders became proud of the group and took them at their business value.

The Pilcher Plan has spread slowly through the State of Washington. A group formed in Marysville in March, 1938, found 21 eager young men, straining to enter industry, and willing to learn how. After but two months of training, this Youth Reserve (self-named) met with results comparable to those reached by the Everett group. Forty-seven students in Marysville's high school signed up for Pilcher's course before the end of last September. Not only has Pilcher been swamped with requests to set up groups all over the state, but one of the nation's largest non-partisan organizations is expected to sponsor the plan this summer.

When this is accomplished, despite his success, Pilcher feels his work will be just beginning. Youth has seen industry with its hair down, and industry has tasted efficiency, sincerity and ability that it never knew existed—and is clamoring for more.

**"Soon I'll have fun," snarled
demon DUST**

**"I'm hot when I get goin',
These contacts here will
shriek with pain
When I lay on 'em prone."**

**But his proud boast soon
came to naught
The contacts laughed in glee,
"Sir, Cutler-Hammer
know their stuff
They built us VERTIC'LY!"**



VERTICAL CONTACTS mean better Motor Control. Dust between contacts causes heating and burning. But dust *can't* settle on VERTICAL contacts. So Cutler-Hammer VERTICAL CONTACTS need not be buried. They are *out in the open*... always air-cooled, easily inspected, fully accessible—yet free from dust and dirt. Get the facts. Send for free book, "Dust, the Destroyer." CUTLER-HAMMER, Inc., Pioneer Electrical Manufacturers, 1251 St. Paul Ave., Milwaukee, Wisconsin.



ONLY VERTICAL CONTACTS CAN BE DUST-SAFE!

CUTLER-HAMMER

MOTOR CONTROL

C-H

On the Marketing Horizon

More About Selling Strategy, Both New and Old

When to Prescribe Premiums

PREMIUM selling has been subjected to so much abuse that in some quarters the practice is condemned indiscriminately. Its critics say that when competition is focused on the premium rather than the product it has been carried too far. But no marketer can afford to leave out of consideration any tool of selling just because it is capable of abuse. Under what circumstances, then, may premiums be employed profitably and legitimately as a part of the merchandising plan?

We put this question to Frank H. Waggoner, editor of *Premium Practice* magazine and generally recognized as a leading authority on the subject. Here is his answer:



"Today premiums are assigned specific objectives, and often when those objectives have been reached their use ceases. This was the case with R. B. Davis Co., manufacturers of Cocomalt. A premium in the form of a light-weight aluminum shaker with the purchase of a can of Cocomalt was probably the deciding factor in its early, rapid and wide distribution. With that distribution accomplished, the company suspended premium use and did not resume it until somewhat recently.

"Sometimes when products overstay their parking limits on dealers' shelves premiums may be summoned to move them quickly. Supplying the dealers with premiums to move stocks on hand may be a necessary preliminary to obtaining new orders. This type of premium is an acknowledgment by the manufacturer of his responsibility in helping to stimulate retail sales.

"Too often the recognized need of a family for new silverware, table linen, dinner set, glassware or other replacements has been an obstacle in the way of purchasing the more expensive home equipment such as heating plant, stove or range, electric refrigerator, washing machine or kitchen cabinet. Because of the tendency to buy less expensive things first, and postpone the larger items until a later time, manufacturers of these more expensive products have made premiums of the things that were obstacles to sales and thus induced the purchase of what

they had to offer. This plan has sold millions of dollars' worth of home equipment, purchase of which otherwise would have been deferred.

"Premium merchandising makes possible a by-product value in containers. Housewives buy Kraft cheese spreads partly because of the decorated five-ounce glasses in which they are put up. When the customer has collected one set she may present it to someone as a gift and start collecting another of a different design. Armour & Co. packed jellies in Colonial goblets. Some teas are vacuum-packed in tall iced-tea glasses. Sometimes the container premium is for dealers. One such, holding 60 pounds of coffee instead of the usual 25 pounds, is resold to customers for \$1 each. In the dealer's mind this dollar is just an extra profit on that brand of coffee.

"Radio finds in premiums a convenient way of checking audience response. One broadcast of an offer of poster stamps by an oil company brought a rush of customers to its stations to buy gasoline. Responses running into the hundreds of thousands and even millions are not uncommon. In many cases the person claiming the premium tenders a small cash payment for some trinket as evidence of having purchased the sponsored product.

"Premiums are a supplement and not a substitute for advertising. General Foods used 370,000 lines of newspaper space to tell women of a jelly mold premium with six packages of Jell-O. The success of any premium offer depends on the number of people who know of it.

"Last year, according to careful estimates, more than \$400,000,000 was spent for premiums. Their retail value would have been approximately \$1,000,000,000. That makes premiums a sizable tool of modern merchandising."

Labels As Silent Salesmen



WITH CONSUMER organizations voicing a demand for less glamour and more factual product information, an increasing importance is attached to informative labeling of manufactured goods. According to their spokesmen, consumers are seeking earnestly the facts on which to base intelligent buying decisions. Brand

names are not enough. They are interested in product composition and quality standards.

The sort of information consumers desire on labels is outlined by McLauren-Jones Co. in an excellent little "Handbook of Informative Labeling." It is assembled under these types: (a) Material content—what the product is made of; (b) How made, as for example, number of yarns per inch, or whether stamped, pressed, molded or inlaid, presence of weighting or sizing; (c) How to care for it—special instructions on washing, polishing, oiling or other points of maintenance; (d) What it will do and how to use it, including such facts as directions for its use, what it is intended for, shrinkage tolerance or power consumption; (e) Size, style or type; (f) Grade or quality; (g) Sponsor—name of manufacturer or distributor.

Obviously only part of these apply to any one product, nor is every item capable of being labeled informatively. The label must be concise and limited to essentials.

When it is made to mean something, grade labeling is appreciated by the consumer. Many merchandisers say it is no longer true that buyers will buy only products labeled Grade A, provided prices accurately reflect relative values.

An old objection to informative labeling has been that consumers do not understand technical facts about manufactured goods—that they buy only on appearance, recommendation, price and brand. But the multiplied efforts of 27 large consumer groups, aided by a number of federal agencies interested in consumer problems, have gone a long way to change this. Intelligent consumers are asking for far more information than retail clerks are able to give them. Honest, informative labeling helps a product to sell itself to these buyers, regardless of who makes it.

Less Heat, More Work



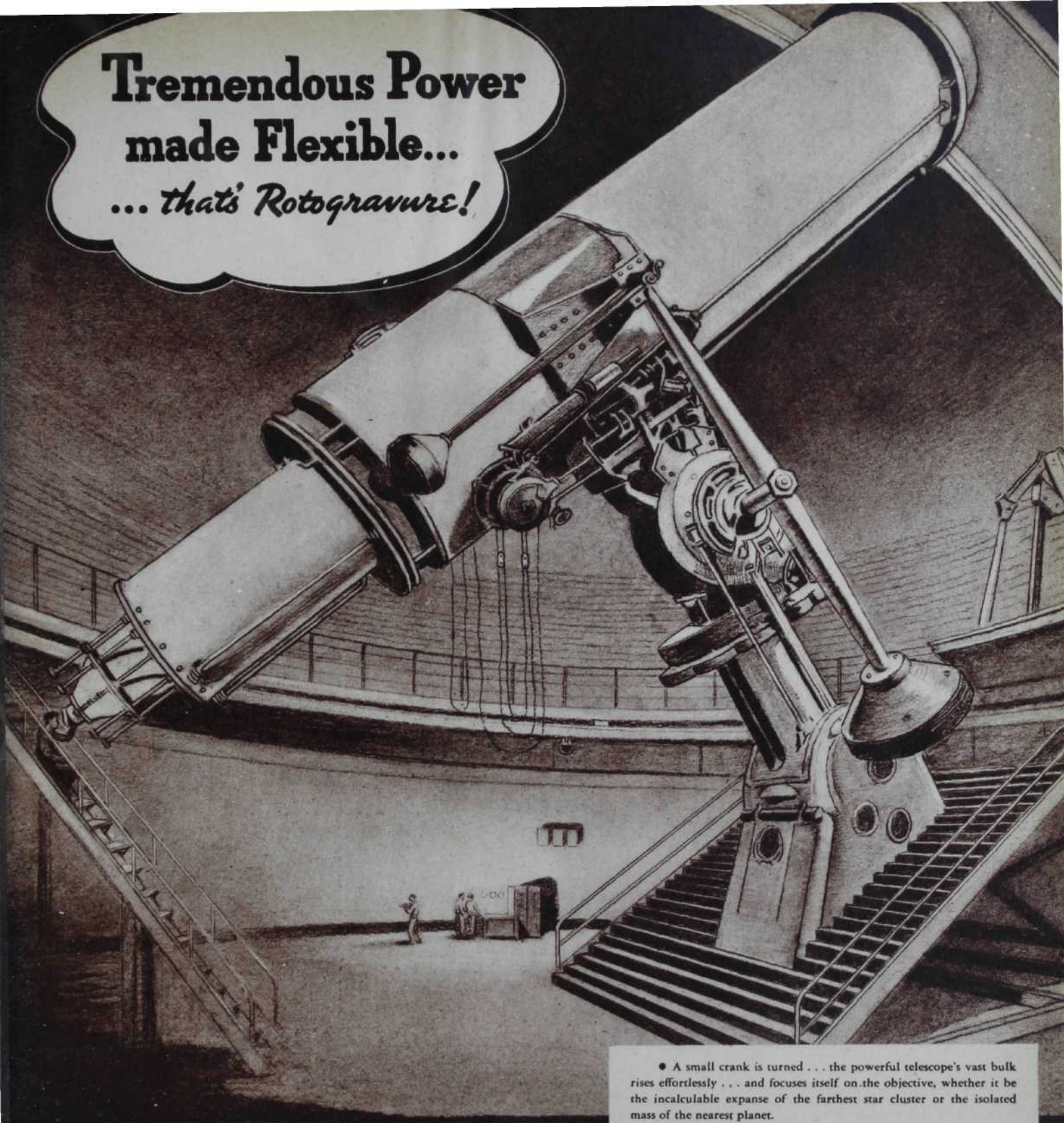
"IMAGINE running a store or office during cold weather without heat!" exclaims the York Ice Machinery Corporation in a book on "Atmosphere and Efficiency."

When the temperature is down to, say, 48 degrees Fahrenheit it would be hard to imagine. And yet that's only 20 degrees under the ideal 68 degrees Fahrenheit, and in hot weather most people in stores, offices and factories work in temperatures 20 degrees or more above the ideal. From the standpoint of efficiency, heat affects the worker as much as cold.

The York Corporation reports some positive views of employees on air conditioning obtained in a survey of air-conditioned business establishments. Of those questioned, 94 per cent said it had made their work less trying, 57 per cent claimed they made fewer mistakes since air conditioning had been installed, 58 per cent said their bosses were easier to live with, and 61 per cent thought it had brought new customers to their houses.

—FRED DEARMOND

**Tremendous Power
made Flexible...**
... that's Rotogravure!



● A small crank is turned . . . the powerful telescope's vast bulk rises effortlessly . . . and focuses itself on the objective, whether it be the incalculable expanse of the farthest star cluster or the isolated mass of the nearest planet.

IN ROTOGRAVURE, advertising boasts a tool as powerful, yet flexible as the astronomer's telescope . . . one which enables advertisers to include the entire country in a single marketing unit or, at will, focus exclusively on one, individual metropolitan center.

An overstatement? Consider the following! Every Sunday 63 Rotogravure Sections are published. Any one of these sections can be bought singly for test purposes or special sales efforts, or in combinations which reduce the costs to an exceedingly low milline rate.

Add to this the fact, when you use rotogravure, you have the opportunity of reaching more than 80% of your entire potential audience . . . (For the Gallup Research Bureau has proved that all advertising pages in Rotogravure Sec-

tions are seen, on the average, by 80% of the paper's entire circulation) and you have the reason why advertisers who once use rotogravure get results that prompt them to continue using it . . . results such as those typified in the case study given on the following page.

For any other information on rotogravure call on Kimberly-Clark, because, in addition to manufacturing Rotoplate, Kleeffect, and Hyfect—three of the most widely accepted rotogravure printing papers—the Kimberly-Clark Corporation maintains a bureau of statistical information and a trained technical staff for publishers, printers or advertisers faced with any problem arising over the use, preparation or printing of rotogravure copy. Please address your request to Kimberly-Clark Corporation, 8 S. Michigan Avenue, Chicago, Illinois, Advertising Department.

A 20% Increase — Rotogravure's contribution to Selby Shoe Sales

**SELBY
SHOES**

ARCH PRESERVER
WOMEN'S FEATURE SHOES
STYL-SEE
VARI-TRED

THE SELBY SHOE COMPANY
MANUFACTURERS OF
WOMEN'S FEATURE SHOES
PORTSMOUTH, OHIO
U. S. A.

Kimberly-Clark Corporation,
8 So. Michigan Ave.,
Chicago, Illinois.

Gentlemen:

Last Fall's initial test of rotogravure advertising for ARCH PRESERVER SHOES proved so successful that we are placing our Spring advertising in rotogravure groups covering 41 major cities throughout the United States.

We believe that rotogravure is partly responsible for the 20% increase we are now enjoying in ARCH PRESERVER sales, and consequently rotogravure will continue to be a primary medium with us.

Yours very truly,

THE SELBY SHOE COMPANY.

W. E. Lawson
W. E. LAWSON,

Mgr. Sales Promotion.

*More for
your money
in
Rotogravure*

4 ways to avoid
"WORLD'S FAIR FEET"

FOUR flatterers with but one thought: your comfort. Four Selby Arch Preserver Shoes, from a fresh collection, in time for your trek to the Fair. Their styling is new as tomorrow. Their patented features are priceless. You can walk, walk, walk...enjoy every minute, the wonders revealed at the Fair and the world of wondrous comfort concealed in every pair of Selby Arch Preserver Shoes.

THE SELBY SHOE COMPANY
Portsmouth, Ohio

*Famous Arch Preserver features: Light, invisible bridge under the outer arch; rotational mainline; full innervole; shock-absorbing sole.



GALA

MANY STYLES
\$8.75

DE LUXE STYLES
\$10.75
and up



Selby
ARCH PRESERVER
Shoes

"They're so easy to wear"



HERTHA



MADEIRA

ROBINSON'S
1016 MAIN STREET

JOPLIN ROSENBERG'S
SEDALIA QUINN BROS.
SPRINGFIELD LYNK-WILKES BOOTERY
ST. JOSEPH ROBINSON'S
ATCHISON, KANS. ARKENSBERG SHOE STORE
CONCORDIA CALDWELL'S SHOE STORE
TOPEKA PAYNE SHOE COMPANY

SWERLING



**Kimberly-Clark
Corporation**

Established 1872 • Neenah, Wisconsin
67 Years of Service

NEW YORK
122 East 42nd Street

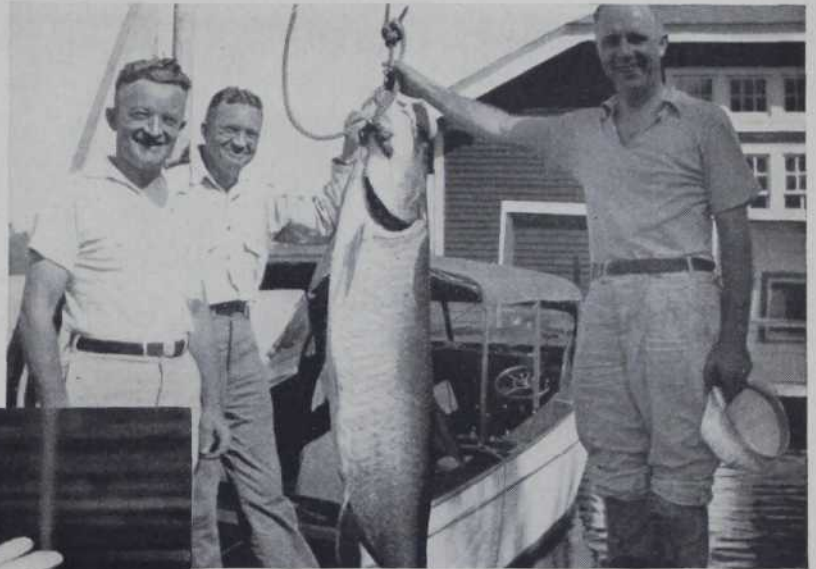
LOS ANGELES
510 West Sixth Street

CHICAGO
8 South Michigan Avenue

Business Men Say . . .



Col. Charles E. Speaks



Walter L. Graefe (right)



INTERNATIONAL
John Holmes



ACME
Fred W. Sargent

COLONEL CHARLES E. SPEAKS, President
Fisk Rubber Corporation

"Despite uncertainty throughout depression years, industry has continued to spend \$750,000 every day on industrial development and research. . . . In many fields our economic frontiers have not even been reached. Rubber, for example. Although there are now some 35,000 uses for rubber, new products are being constantly developed, and even at this early date engineers are concentrating on a tire that will carry automobiles along our super-highways of 1945 and 1950."

FRED W. SARGENT, President
Chicago and Northwestern Railway Company

"Jim Hill didn't have to contend with fixed wages. He ran trains when he wanted to and he ran them full. He didn't have the S.E.C., the Social Security, forty-eight separate state commissions and the United States Adjustment Board at his back. This Board has cost us as much as all the increases in wages put together. . . . There are 99,000,000 bushels of corn sealed in Iowa and we are not moving it. We might as well have another drought for all the good it does us. The prosperity of a nation is like the circulation in a human being. You cannot stop the veins and have the blood flow only in one direction."

WALTER L. GRAEFE of Griffin, Georgia
President, National Canners Association

"Crop control by government regulation is not the answer to our agricultural problems. Control of a few items only leads to the necessity for control of all items. History reveals that these controls have never proven to be economically sound. What we in the canning industry have suffered from surplus vegetable yields has been largely due to the efforts on the part of Government to control major crops and thus disrupt the entire crop program."

JOHN HOLMES, President
Swift & Company

"As a result of the profit urge, society gets more real profits than the man who develops a new improvement because someone else will soon reproduce an equivalent product. Then prices will go down, the product improves and society benefits."

Putting the Rainbow on the Pay Roll

By HOWARD KETCHAM as told to Paul W. Kearney



Yellow lines dividing traffic lanes have been found to reduce highway accidents

ODIE MONAHAN

A NEW type of engineer is increasing sales, preventing accidents, improving efficiency merely by the use of colors properly chosen and applied



ORVILLE LOGAN SNIDER

Beer comes in colored bottles for a reason. Even the wine cellar is color conscious



R. I. NESMITH

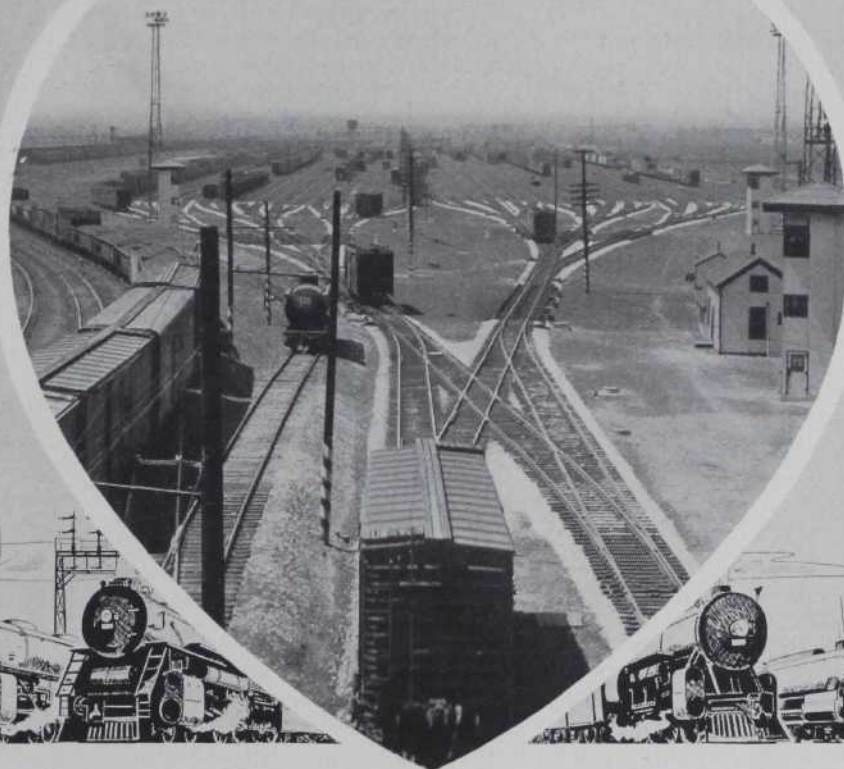
Contrasting colors on machines increase safety, speed production and, frequently, lead to lower light bills

IN A CERTAIN manufacturer's stock room it had long been the custom for women employees to collect various items in wooden boxes for transfer to other departments. It was eventually decided that metal boxes would eliminate the splinter hazard, last longer and handle better. So the equipment was changed.

Immediately the women began to complain that the steel boxes were too heavy. The supervisor scoffed at the idea because, although they were the same size, the metal boxes were actually lighter than the wooden ones. But when the protests increased in number and severity, it was decided that

A heart that pumps the lifeblood of America

—speeding 120,000
tons of the nation's
products every day



HOW would you like the job of sorting 6,000 freight cars a day—taking trains apart as they flow in from the east and west and south and north—putting them back together again in new combinations, so the cargo they carry can roll on its way to mill and market?

That's what happens in the maze of railroad tracks you see pictured here. And this is only one of several yards serving Chicago which handle a total of 30,000 cars every day.

Strings of cars roll in on the tracks in the foreground. Car by car, each train is split among some three dozen tracks in the distance, with such speed and accuracy that one car can be handled every 20 seconds.

These tracks can be filled and cleared in two hours—in one of those miracles of transportation so smoothly done by the American railroads that the public takes them for granted. And what takes place here goes on, day and night, in thousands of railroad yards all over the country.

It's only because the railroads operate with such speed and efficiency that they deliver to the American public what is literally the finest job of low-cost mass transportation in the world.

And mass transportation is modern transportation—the only kind of transportation which makes possible our modern world of mass production and mass distribution of the things which the American people need and enjoy.

What's more, this modern

mass transportation by railroads shows steady progress year by year.

As everyone knows, passenger traffic is faster. And freight has been speeded up as well. Between many important commercial centers as much as 500 miles apart, the railroads now give overnight freight service. Four days have been cut from the running time coast to coast.

All that the railroads need, as far as government transportation policies are concerned, is *a fair chance to earn a living*—with no favor either for themselves or for their competitors.

For better times—support your representatives in Congress and the state legislatures in every effort to establish **A SQUARE DEAL IN TRANSPORTATION.**



ASSOCIATION OF
AMERICAN RAILROADS

WASHINGTON, D. C.

A FAIR FIELD.
NO GOVERNMENT FAVOR.
IN TRANSPORTATION

something had to be done—and I'll give you three guesses on the ultimate solution:

They painted the metal boxes green—the same color the old wooden ones had been. And they haven't had a complaint since!

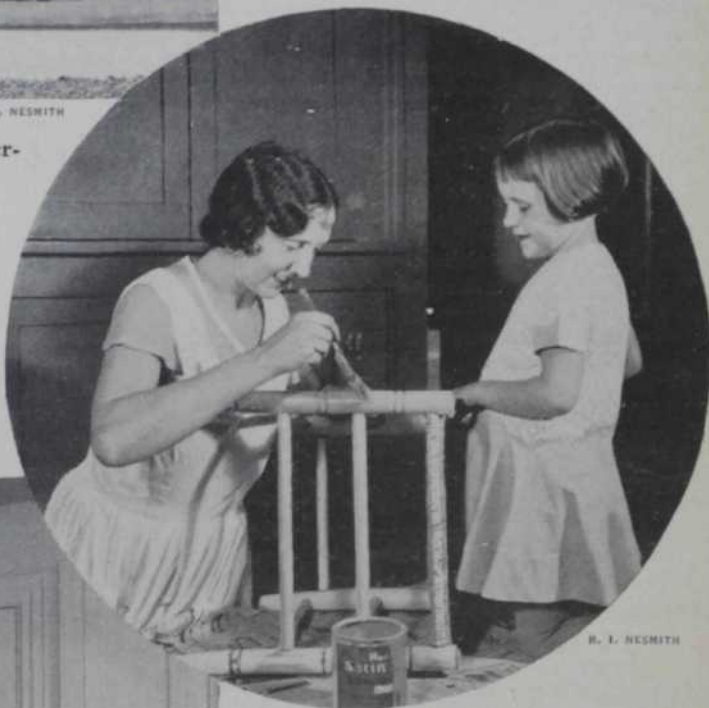
Not long ago I heard from the superintendent of the San Francisco General Hospital another color experiment of interest. Dr. Wilbur is a physician with no special training or knowledge of color, but when the time came to redecorate the interior of his institution, he did something unique. Selecting four colors which seemed to him to be appropriate, he had the various wards painted in French grey, orchid, cream or apple green. From then on, incoming patients were allowed to select their own color environment, (there being no private rooms in the hospital). To his astonishment, 90 per cent preferred the apple green ward. As a result the other rooms are now being done over in that color.

Not far from New York is a large factory which has its own cafeteria for women. This room was redecorated some time ago in a light greenish-blue. Soon the girls began to complain that the room was so cold they had to wear their sweaters to lunch. The plant engineer was called but he proved to the management that, being thermostatically controlled, the room was exactly the same temperature as the rest of the building. Finally a color engineer was consulted. By painting the baseboard a bright orange and adding slipcovers of the same color to the chairs, he put an immediate end to the complaints!



Gasoline tanks of certain colors reduce evaporation

The color scene may make a room seem hot or cold



Gay colors have won a place in the decoration of kitchens and bathrooms. Now they are proving that they have other uses as well

Three convincing examples, it seems to me, of unconscious human reactions to color.

Most of us all our lives have taken color for granted as one form of decoration or ornament. True, we appreciate that red means danger or that purple signifies royalty or that black implies mourning (in the Occident, at least). But only recently has the functional value of color begun to be understood. So recently, indeed, that most of the things accomplished through color are still news to most people.

The most generally known example, of course, was color's invasion of the kitchen a few years ago, followed by its assault on the historic, white-tiled bathroom. But color has accomplished much in the selling field since then which hasn't come to public attention. Blue-lined containers for white eggs have substantially increased egg sales and even brown eggs (the classic example of unconscious color differentia-

tion by the consumer) sell better in pure white boxes than in the gray commonly used. By the same token, a packer increased sales by changing his meat cooler interiors from dead white to turquoise blue, thus making the meat appear redder and more inviting.

A mid-western cafeteria doubled its salad sales by changing the plates from white to green—a billiard table manufacturer, making slow progress in home sales, melted consumer resistance by changing the table cover from its proverbial "pool room green" to a soft purple—a leading fountain pen manufacturer increased sales 50 per cent by adding a color range to the line. Now blacks and reds, the only choice for-

(Continued on page 104)

MAN TO MAN in the MONEY MARKETS

By CLIFFORD B. REEVES

"Midday Offering" of New Issues

SINCE TIME immemorial it has been the custom of investment underwriting syndicates to make public offering of a new security issue at the beginning of a business day. In recent weeks, however, four large bond issues have been offered for sale at 11 A. M. or even later, and have been advertised first in the afternoon, instead of the morning, papers. These "midday offerings," as they are coming to be known, have been developed as a method of reducing underwriting risks during a period in which the international situation has been changing almost hourly.

Formerly, the issuing corporation and the underwriters would agree on a price for the issue after the close of the market on the day the registration statement became effective, and the underwriters would offer the securities early the next morning. In recent months, however, the touch-and-go situation in Europe made this an exceedingly risky procedure from the underwriters' standpoint, because overnight developments might wreck the chances of a successful offering.

Under the new method, the price is only tentatively agreed upon on the final day of registration. Then the next morning, after the market has opened, the price is definitely determined and the issue is publicly offered. Moreover, most of the recent underwriting agreements have included a "war clause," which releases the underwriters from their obligation to go through with a deal regardless of price, in the event of war or any other financial emergency.

Borrowing for Future Use

"IF I WERE running any well known industrial company," said an investment banker recently, "and thought that my business would need new capital any time in the next several years, I would sell a long-term bond issue

right now, even though I had no immediate use for the money. Then if a world crisis came, my company would be well heeled. On the other hand, if conditions improved, I could make good use of the additional capital and would have it at a lower rate than would probably be possible later.

"Most corporations," he continued, "fail to project their capital needs far enough into the future. Hence they fail to time their borrowings properly. They wait until a business boom brings an urgent need for new capital and, under such conditions, usually pay a high rate of interest for their money. A difference of only one per cent in the interest rate on a \$10,000,000 issue of 20-year bonds means a difference of \$2,000,000 in total interest cost over the life of the issue. The corporation wise enough to borrow \$10,000,000 three years 'too early' at three per cent would thus pay \$1,400,000 less for its money over the 20-year period than if it had waited until it actually needed the money, and then paid four per cent.

"There is always an element of judgment as to the future of interest rates involved in this," the banker admitted. "But it is unlikely that there will be much chance in future years to borrow at lower rates, and a big chance that the future cost will be greater. Moreover, the present anomaly of record low interest rates in the face of a threatened world emergency provides a unique opportunity that I am surprised more corporations have not seized, just as a matter of insurance."

Tickers Running at 6 A. M.

WALL STREET made elaborate preparations for Hitler's answer to President Roosevelt's message, fearing the impact that the speech might have on international markets. Many stock exchange houses opened at 6 a. m., April 28. Cable and telephone forces serving the financial district were aug-

mented. The financial news tickers began operation at 6 a. m. and interspersed their reports of the speech with periodic bulletins on the reactions of European markets to Hitler's remarks. Arbitrage firms and the foreign departments of many of the big New York City banks also opened early, and officers of the Federal Reserve Bank of New York were in constant touch with the bank by telephone while Hitler was speaking. Hotels reported brisk business because of the many financial workers who stayed in town the night before so that they might be at their offices early.

All of these precautions proved unnecessary. Markets, both in Europe and America, showed little response to Hitler's remarks, and the rush of buying or selling that the Street anticipated never developed. From the standpoint of the financial community, the speech was a dud. The general feeling was that it added nothing new to the international outlook. The financial community is coming to feel that, although we are in for a long period of international nose-thumbing, there is less likelihood of immediate war than there was some months ago.

Dearth of New Financing Continues

NEW security issues registered with the S.E.C. in the first quarter of the year, totaling only \$250,000,000, were the smallest for any quarter since the first three months of 1935. Investment bankers attributed the decline primarily to the war scare. When the European outlook improved—at least temporarily—in April, the volume of new securities increased rapidly.

Even more discouraging than the low volume in the first quarter was the fact that less than 16 per cent of the proceeds of new issues went for "new money" purposes, as compared with 19 per cent in the first quarter of last year.

As one banker put it, "when American business, in a period of alleged economic recovery, raises less than \$32,000,000 of new capital through security issues in three months, that's as near a dead stymie as you can come."

Many Banks Need New Capital

ALTHOUGH the subject is rarely discussed publicly, bankers and government officials are talking among themselves about the problem of new capital funds for banks. The ratio of deposits to capital funds has been increasing steadily in recent years for the banking system as a whole. At the close of 1933, the combined de-

posits of all member banks of the Federal Reserve system were equivalent to 6.5 times their combined capital and surpluses. At the close of 1938, this ratio had risen to 9.7 to one. Many individual banks today have deposits exceeding the ten-times-capital figure that has always been considered a conservative yardstick.

Two things have conspired to create this state of affairs. First, depression losses reduced the surplus funds of most banks. Then, following this reduction in capital funds, bank deposits expanded rapidly to record heights, chiefly because of purchases of government bonds by the banking system. Combined deposits of all Federal Reserve member banks have jumped from \$27,166,000,000 at the close of 1933 to \$43,363,000,000 at the close of 1938, while capital funds at the close of last year were only slightly higher than in 1933.

Under normal conditions the obvious answer to this problem would be for banks generally to augment their capital by issuing to their stockholders rights to subscribe to additional stock. But, with bank earnings currently so low, many banks fear that such offerings might not be well taken.

The alternative would be to have new capital supplied to banks, wherever desirable, by government agencies; but this the banks are loath to do. The recovery in bank earnings in the first quarter of 1939, if it continues, may automatically solve the problem.

Why Credit Doesn't Expand

credit is not made freely available to small businesses.

"The situation is a bit ridiculous," remarked the first banker. "With its right hand, the Government tries to force credit into circulation through various federal lending agencies; then with its left hand, it creates policies that destroy the very business confidence which is the first requirement for any expansion of credit. If the Administration would change its general attitude toward business, there would be plenty of borrowing, and the Government wouldn't have to do the lending. The way to expand credit is to let business make a decent profit, so that businessmen have an incentive to borrow. A reduction of tax rates, for instance, would do more to foster credit expansion than the opening of a dozen new federal lending agencies."

"Right!" said the second banker. "And the Government's own experience in the field of business loans

proves the point. The Government hasn't been able to do what it criticized bankers for not doing."

The Government's failure to force credit upon unwilling borrowers was well summed up in the recent report of the economic policy committee of the American Bankers Association, which should be required reading for every financial official of the Administration. The report pointed out that, although the Federal Reserve Banks and the Reconstruction Finance Corporation were authorized in 1934 to make direct loans to business, and have been trying to do so for five years through 67 different offices in all parts of the country, the present total of their loans is less than one per cent of the present commercial loans of the banks. And this despite the fact that Reserve Banks and the R.F.C. have been making longer loans on more generous terms than good banking practice has previously sanctioned.

The Fallacy of Soaking the Rich

comes from investments have been driven into tax-exempt securities in recent years because of confiscatory income tax rates. He deplored the fact that so much capital had thereby been diverted from productive business.

"The detailed analysis of 1937 income tax returns, recently issued by the Treasury Department, shows how the rich are soaked if they do not, or cannot, avail themselves of investment in tax-exempt securities," he said. "The figures show that, although 6,231,431 persons filed income tax returns for 1937, only 4,124 individuals reported net taxable incomes of \$100,000 or more. These 4,124 persons, whose tax rates ran from 37 to 78 per cent, paid the astonishing sum of \$433,000,000 in taxes, out of a total of \$1,142,000,000 received by the Government from personal income taxes that year. This means that 7/100th of one per cent of the taxpayers, although they received only four per cent of the total income reported by all taxpayers, paid 38 per cent of the total taxes.

"In view of such figures, many people conclude that the Government is making a very good thing out of the high tax brackets. But the fact is that lower rates would produce more income, strange as that may sound, because lower rates would entice back to productive investment billions of dollars that are now hiding in tax-exempt securities. Thus the income from such investments would result in additional tax revenue for the Government. More people paying

taxes at reasonable rates would surely produce greater revenue than a few people paying outrageous rates which, for some reason, they cannot avoid."

Savings Bank Life Insurance

IN AN EFFORT to provide the small buyer with life insurance at lower cost, the New

York State legislature recently authorized the sale of life insurance through savings banks. The plan has been in operation since shortly after the first of the year and is being closely watched in the financial district.

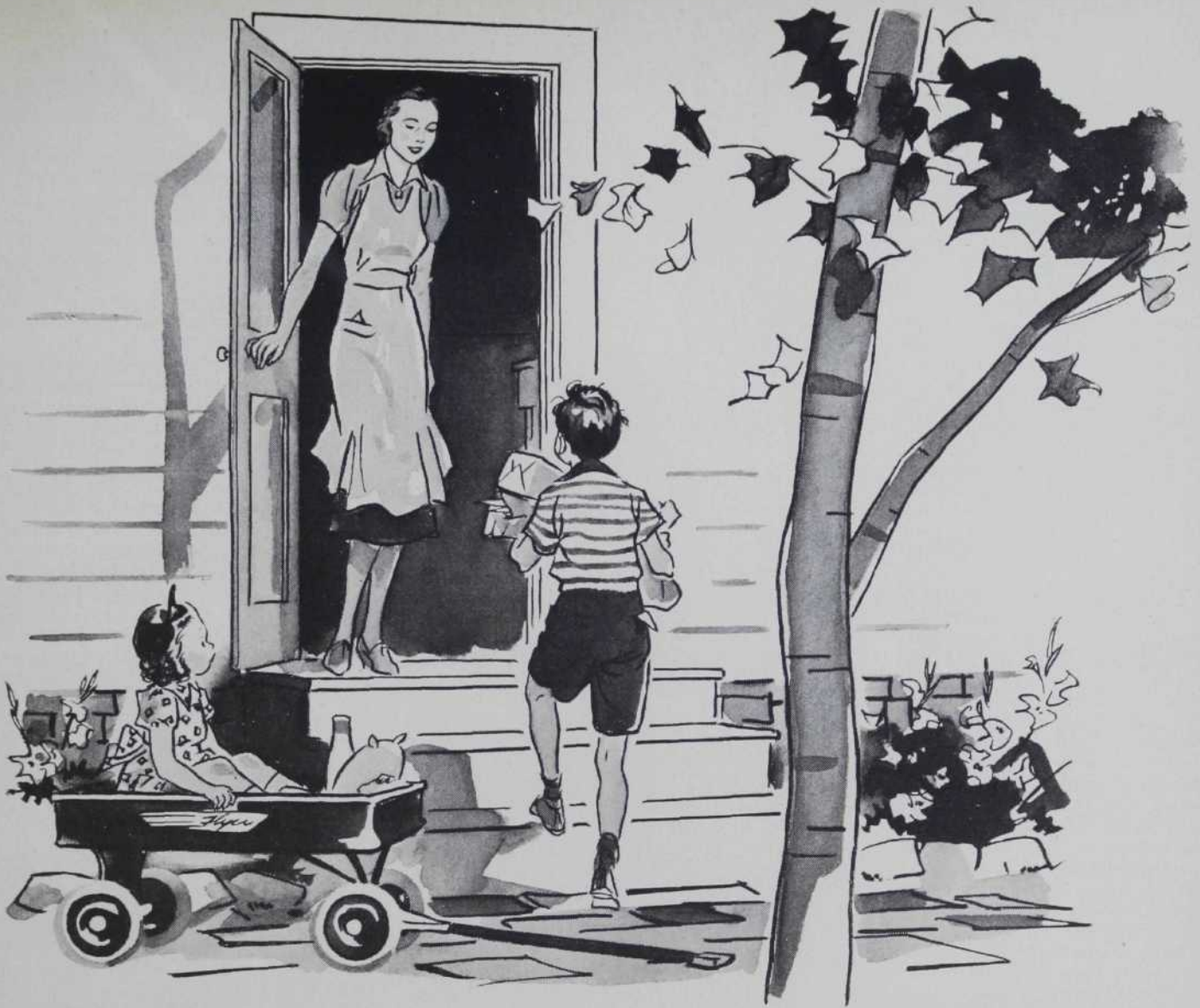
Most savings banks seem cold to the scheme, apparently preferring not to invade the insurance field. At last report, only six banks were writing insurance, with five other banks operating as agencies of the six underwriters. Up to May 1, the face value of policies written totalled only about \$4,000,000.

This may sound small but, in Massachusetts, where savings bank life insurance was first instituted, it took three years of operation to reach that figure. Massachusetts, after 30 years of operation, has \$150,000,000 in force.

Savings bank life insurance is not "sold." It is "bought." Banks do not actively solicit business, but merely make the policies available to those who want them, and the lower cost of policies is due in large part to the absence of heavy sales expense. Policies are limited to a \$3,000 maximum under the New York plan, and the average policy written to date has been less than \$1,000. About 90 per cent of the purchasers so far have been persons who previously had no insurance whatever. Sponsors of the scheme emphasize the fact that savings bank insurance is not "Government insurance." The plan is operated as a private enterprise, on a mutual basis and under state supervision.

Sale of insurance through savings banks seems destined to spread. Connecticut is expected to inaugurate a similar plan soon, and bills to authorize such arrangements are now being prepared for submission to the legislatures of Ohio, Pennsylvania and California. New Jersey and Texas are reported to have the matter under discussion.

Judging by Massachusetts' long-term experience, most financial observers feel that savings bank life insurance will not seriously injure the regular insurance companies, but will serve as a useful yardstick in the field of "poor man's" insurance, against which the rates, operating costs and policy terms of such companies can be measured.



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GUY W. COX, President

The Economic Birth Pangs of Television

(Continued from page 22)

the World War. But by that time the spectrum had revealed undreamed of possibilities. Step by step, this mystic band was found to contain an increasing number of levels (or "channels"). It was something like the gradual discovery of the musical scale by the ancients.

Today, thanks to continuous refinement and improvement in the radio art, the spectrum stretches from a slow-poke minimum of ten kilocycles to a usable maximum of more than 105,000 kilocycles. Beyond that it stretches into the infinity of short waves and new sections of that are constantly being claimed for practical use.

Radio space wanted

BUT for every new figurative inch which science adds to the length of the spectrum, it seems that additional demands arise for the use of two more inches. Before 1920, the spectrum was the realm of the maritime wireless operator and a few of his brethren on the shore. Today the spectrum has to accommodate, not only all of the radio broadcasting stations on your sound radio dial, but numerous other usages: ships at sea, planes in the air, police, military, amateurs, and dozens of specialists—all have to have their own space on the spectrum.

In many ways the new world of the spectrum is as valuable as the physical new world discovered by Columbus. The nations meet in international conference to parcel it out by treaty. Existing operating rights, or "frequency allocations,"

have acquired a financial value which surpasses the price paid for much land in the new world of Columbus. While scientists still explore its nether regions, speculators and exploiters linger about those sections of it which have already been commercially established. In this country, the

F.C.C. has the responsibility of doling out this precious heritage equitably and in the public interest.

Coming back to television, we find that this latest industry is a veritable glutton for space on the spectrum. Consider this: Whereas the present sound radio broad-

cast requires a channel only ten kilocycles wide on the spectrum, a single television broadcast requires a channel 6,000 kilocycles wide. Fortunately, television occupies a general location on the spectrum which is not crowded just now. This happened more by accident than design. Television can use only the very short radio waves, which is to say, the terrifically fast waves. That is because, to reproduce moving images, the television transmitter has to deliver to the receiving set 6,000,000 individual impulses a second.

Fortunately, we say, television occupies a reserved place on the spectrum which might roughly be compared with the polar regions of our physical world. Sound radio, aviation, police, marine, amateurs, and all the rest have so far used the older and more established (and more congested) areas of the spectrum.

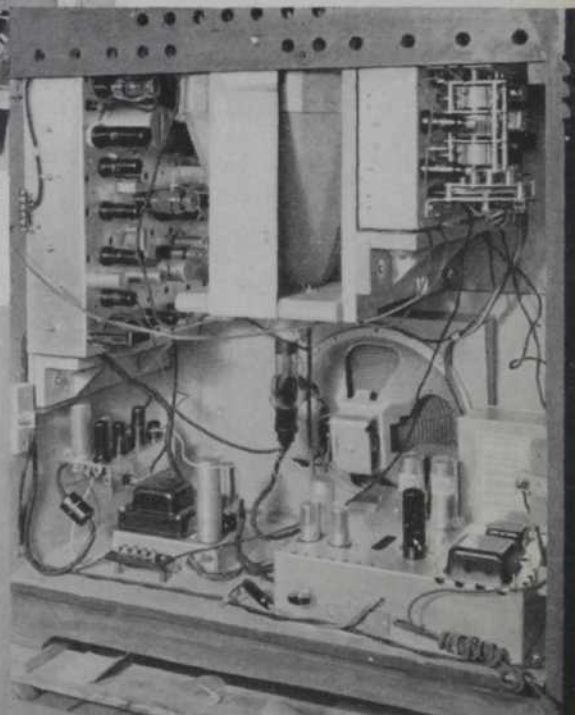
Technically speaking, the F.C.C.



Mobile television unit of 1937. This truck had pick-up equipment



H. C. A. VICTOR



Home receiver. Rack in center holds tube where image is produced

Largest and smallest television tubes. The image is reproduced on the larger

has reserved seven different channels for television between the spectrum range of 40,000 and 105,000 kilocycles. Most of the television receiving sets which are going on the market this year will be capable of tuning in any of these channels. The F.C.C. has reserved other television ultra short wave channels above the 105,000 kilocycles limit, but these are not very satisfactory and are still used chiefly for experiments. The interference area between television transmitters is a circle about 200 miles in diameter. That means that seven television stations can operate at the same time in the same area under the present F.C.C. ruling.

But there are other troublesome portents. Recent university experiments and new discoveries concerning ultra short waves threaten to attract a hungry legion of frequency applicants to television's polar regions of the spectrum. At Columbia University, Maj. Edwin H. Armstrong has perfected a sound radio which is said to be absolutely static proof. This improvement has to use short wave channels which are in the general neighborhood of the television reserve. Similar experiments in directional short wave control at Stanford University increase the threat to the security of television's reserve.

Short waves will be crowded

IN OTHER words, if, and when, these improvements become popular for other radio wave users besides television, the traffic and congestion on the short wave end of the spectrum will increase no end. Of course, it is not to be supposed that any wholesale exodus will send the entire sound radio industry, as we know it, scooting to the other end of the spectrum for some time.

The outstanding public investment in ordinary radio receiving sets is too substantial for the broadcasters to take that risk even if advertising sponsors were willing to go along (which they are not). But bit by bit, new radio receiving set models with additional frequency bands and other improvement gadgets may eventually follow the gradual trend of the art toward the short wave end of the spectrum. Less commercially restricted users of the air waves, such as air carriers, police, marine, and amateurs, will probably get there much sooner.

This all adds up to a bigger and better regulatory headache for the F.C.C. in the rôle of traffic policeman of the air waves. Of more general importance is the stress which the congestion of the spectrum may place on the rivalry between wire and wireless interests. Going on right now is a lively laboratory race between the telephone and purely radio industries to perfect a system for handling the relay business for television so that it can overcome its present 50-mile limitation and resolve itself into a network organization.

In the telephone industry's corner is Bell's coaxial cable. A word about this cable. It is a new discovery of the Bell organization which is, in a small way, to the wire utilities (telephone and telegraph) what the spectrum is to wireless communications. It consists of a copper wire core running through the center of

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1 I didn't realize I was years behind on automobile insurance until I had that talk with Henry Collins at the bowling tournament. When I mentioned my insurance was coming up for renewal, he said: "Why don't you insure with Lumbermens Mutual, Tom?"



2 "It means a lot to be with a mutual company," he went on. "You get your share of the profits they make in dividends. Lumbermens has paid automobile insurance dividends that have averaged more than 20% since organization."



3 "There's a lot of peace of mind in being with Lumbermens, too. They've proved their strength through 27 years of steady growth and good conservative management. Why, 65% of Lumbermens total assets are in cash and U. S. Government bonds. That's security for you!"



4 As we were leaving the bowling alley, Henry told me about his "Not-Over-50" emblem. "That emblem represents a large safety organization that Lumbermens sponsors. Everything they do to promote safe driving cuts down insurance losses. That's another reason why they're able to pay substantial dividends."



5 Henry was so enthusiastic, I asked him to have a representative call. When a chap I've met at Chamber of Commerce meetings, called and I learned that if I insured with Lumbermens I would have the service of a fellow businessman in my community, that cinched it. Now I'm a Lumbermens booster too.

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a hollow brass tube filled with gas and hermetically sealed. This simple sound-ing arrangement can do the work of more than 400 telephone wires. It can also take a television program from the studio and deliver it perfectly intact at a point far beyond the 50-mile limitation of open telecast transmission. And since the program would go over the wire in-stead of through the air, the spectrum would be relieved of the load.

So far, this device is too expensive for an infant industry to afford on a large scale necessary for television net-work requirements. Telephone men pooh-pooh the idea that they are gunning for the television relay business. They say that the coaxial cable is needed too much in the long-distance telephone business to bother with television relay experiments.

This is true enough as far as it goes. But realistic observers, bearing in mind the tidy revenue Bell now takes in for handling the lion's share of the sound radio network relay, know well enough that when television is able to pay for long distance service, Bell will make its bid for the business.

Wireless interests are busy, on the other hand, trying to invent new ways to stretch the spectrum and improve its general utility, so that they can escape paying toll to the land lines. Fortunately for the public interests, the F.C.C. is likely to move cautiously in deciding, as between different users of the spectrum, what should stay on the air and what should be relegated to the wire. A bad guess at this stage might set back order-ly and efficient development of vari-ous communications forms for a decade.

Finally and most important of all is the problem of paying for television. Obviously, the first question under this head is whether private sponsorship can swing it at all financially. History of fore-ign communications indicates that the way most utility enterprises are estab-lished—whether under public or private ownership—is the way they are likely to continue to develop, barring revolu-tionary upsets. Television's die will be cast, in this respect, within the next five years. Thanks to the background and prestige of the sound radio broadcasting industry, the signs all point to private development.

Must prove ability to pay

NEVERTHELESS, it is a challenging responsibility. Television must prove that it can pay and support its own very ex-pensive upkeep as an advertisement me-dium, or some form of public operation will gobble it up by default. The Ameri-can people would probably never stand for public subsidy of private operation through tax collection on receiving sets.

At the outset, private television man-agement faces a vicious circle of economic obstruction. It cannot sell time to advertisers until enough receiving sets are sold to make it worth while to the advertiser. It cannot sell sets to the public unless the programs are regular enough and entertaining enough to en-tice the public to part with \$150 and up, which is a lot of money per family.

Again, the history of sound radio points the way out of the impasse. In

radio there was enough pioneering spirit on the part of both the advertisers and the American public to help radio management through its trying development period. (In Europe, both of these aids were lacking and government operation took over without resistance.) Experts are already predicting that 50,000 television sets will be sold in New York city within the first year.

Moreover, by the time New York City gets 100,000 television families (which more optimistic dealers predict in time for the campaign speeches of 1940), other large cities will be demanding transmitting stations.

This brings us back to the rôle of the movie film in television. Until some economical device is worked out to make television network operation profitable, the speedily shipped movie film appears to be the most economical method of letting television audiences in widely separated cities see the same program (at the same or different times).

Film can help television

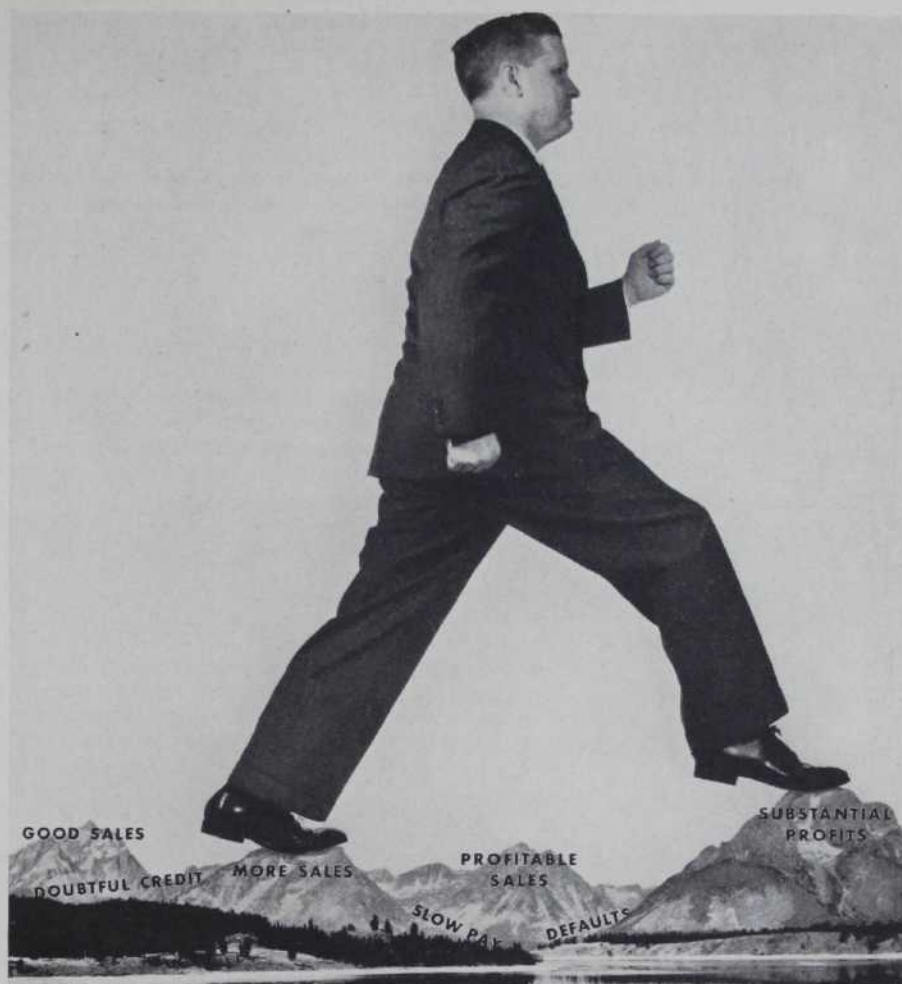
THE movie has certain unbeatable advantages: It is mobile. It readily lends itself to adjustment under studio control (meaning that it can easily be edited and that minor program errors can be corrected by "retakes").

Looking way ahead, there looms an inevitable economic showdown between television and the movie industry and eventually between television and sound radio.

In the beginning, television will probably be more of a back-door customer than a rival to the motion picture industry. There are, perhaps more than 5,000 sound movie films which have been released and are now out of circulation. At present, their principal salvage value is the script rights on possible revivals. The movie industry could turn a quick profit by clearing its warehouse shelves of enough dead film (at bargain prices) to keep television occupied for a couple of years.

But while television could afford little better at first (plus such virtually free exhibitions as it could mooch at sports events and public ceremonies), it would not long be satisfied with such cast off clothing. Motion picture men already know that even 100,000 television families in the big city of New York will mean empty seats in the movie theaters. They are preparing to ask their price to become servants of the new art.

Over the long range, it is likely that the motion picture industry will function largely as a program service for television. Hollywood may even actually organize to that end. Such a set-up would be similar to the program service which CBS, NBC, and other network chains now perform for sound radio. This may seem a bold prediction, but it suggests a more logical ultimate solution than for television to set up a large scale entertainment organization of its own. The surprising amount of financial interest which certain Hollywood moguls are showing in various phases of television indicates that the future showdown between the movie as we now know it and the magic mirror of the living room is not being ignored.



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CYCLONE FENCE

UNITED STATES STEEL

Eagle's Eyes for Business

(Continued from page 27)

ning crop rotation and rearranging fields. The United States Government uses them in its study of soil erosion. Aerial maps have been used as evidence in law suits.

Yet, as endless as are their adaption for aerial photographic surveys for general commercial purposes, their engineering uses are even greater—for geological surveys, the construction of power transmission lines, the laying out of dam sites. These are the uses which have required technical accuracy and which have led to the development of instruments and individual skill with which to meet the demands of that accuracy.

Surveys are much easier

BEFORE the advent of aerial surveys, the engineer took to the field with pack train loaded with equipment and supplies. Even then he was not certain what he would find. Now he can sit in his office, study a photographic accurate-to-scale map, and then send his subordinates into known sections of a territory with definite knowledge of what they will find and with what they must contend. In laying a pipe line there is always the problem of rights-of-way; the aerial map shows clearly and definitely the most advisable route. It has been estimated that, by using this medium over the average mid-continent terrain, about one-half mile in some 30 miles is saved. Other uses are harbor development, railroad locating, timber surveys, in fact any business or industry which requires an intimate knowledge of the terrain where operations are to be conducted.

Aerial photography is an outgrowth of the World War. Even with ordinary view cameras used in the "crates" which as often as not vibrated the shutter closed before the picture could be snapped, aerial photography demonstrated possibilities as something more than an instrument of war. In the years which followed, equipment was developed to meet commercial needs. For present day aerial cameras and the ships which carry them, the world owes much to Sherman M. Fairchild of Fairchild Aerial Surveys.

Now there are aerial cameras for every photographic purpose and laboratory equipment is available for making photographic maps with contour intervals as close as five feet. Equipment may be chosen to fit any combination of time, cost, scale of map desired and the particular uses for which the map will be required. For years the five-lens camera has been standard for many types of work. Film magazines, each containing 110 exposures, may be changed in flight in from 15 to 20 seconds. The camera, aimed vertically downward, supported on a gimbal mount which permits it to be swung in any direction, is electrically operated. The airplanes commonly used are capable of sustained flight at high altitudes. In such planes pilot

and photographer work, often, at a five-mile altitude. The average working altitude, however, is from three to four miles.

Before the flight, an outline is drawn on a map of the area to be covered and guide-flight lines drawn between recognizable objects on the terrain. The pilot flies back and forth along these lines forming strips of successive overlapping exposures.

Each exposure is made on a film seven inches by nine, the larger dimension being the breadth. But because of overlapping, the net effective area of each exposure is reduced to about one-fifth of the whole. This overlap is necessary for accurate mapping. Each photograph shows, in addition to the objects directly beneath the camera, the objects which were directly beneath the camera during the previous exposure and which will be directly beneath the camera during the next exposure.

In making the complete mosaic, the photographs, corrected to eliminate inaccuracies due to lost or gained altitude, are cut on lines determined by the physical type of terrain: streams, farm rectangles, road intersections. They are then cemented onto a composite board, from which a master mosaic is made. The master mosaic is then rephotographed, and individual prints are matched together to make the complete mosaic. However, this complete mosaic is not generally delivered to the client. He receives a copy print, or prints, of the original.

The overlapping of the original photographs makes it possible, by the use of a stereoscope, to give the prints a three dimensional effect. The stereoscope is a reflecting two-mirror device which permits viewing two overlapping prints at the same time. It is necessary to view two different pictures, portions of which must cover the same ground area. The duplicated area will be seen in relief with amazing clearness. Mountains and valleys stand out strikingly, even stone fences and patches of thick underbrush. Engineers interested in watershed boundaries can readily trace out areas without making ground surveys. Transmission line constructors can select tentative locations for tower positions before attempting field work. City planners and builders can discern the relative heights of buildings and their general nature.

It is these mosaic maps or separate prints in which the average executive or engineer is primarily interested. However, for less accurate-to-scale purposes, or for ordinary view pictures and reconnaissance pictures, an oblique photograph may suffice. But for these, too, skilled technique is required as, for example, in the use of the drift meter, speed indicator and other instruments on which the aerial photographer depends for accuracy.

Thus has aerial photography become a scientific medium upon which commerce and industry are coming to depend with greater confidence.

The Eighty-Hour Week for Executives

(Continued from page 80)

pointment which will also involve not only the management but the legal department as well.

All this might be solved easily if it were not for the arrival of the comptroller who says he has so many new accounts to open up that several extra people must be added. He and his accountants are staying nights—but really, with things getting busier, there's got to be additional help.

So the boss rubs his forehead. Faced with the fact that his customers will welcome another price increase in his product to take care of his increased labor costs and general overhead simply by buying his competitor's product or nobody's, he lets his key men interrupt him at his own work whenever necessary. He must help each to make the proper decision, because one false step may prove to be very serious.

Less delegation of authority

THE old rules have gone. The boss can delegate to assistants when policies and rules have been fairly set—but his only way of solving today's ever changing problems is to give his own time and attention to them in detail. He must make four or five times as many decisions each day as he had to make a few years ago.

All of this is a new conception of management's job. Mr. Boss used to be a planner, a creator. Now he must, in fairness to his stockholders, be a monitor first and a guiding genius next. So much of his time is taken up in a judiciary capacity that he is lucky indeed if he can make any contribution to his company at all in a leadership capacity.

While his factory people are winning shorter hours, the Boss is doomed to longer ones. He knows that he must have time for planning—that only planning and creative thinking will keep business coming in so that those same factory people may continue to be among the employed. And the new and complex problems of the big boss apply in varying forms to his department heads and other key men.

But Mr. American Boss is not the type to tolerate this predicament for long. He does not intend to end his career cutting out paper dollies. Trust him to work out methods which will give him the "thinking time" he requires for his new triple rôle as a company Solomon, a sales Moses and a plain ordinary Benedict. He is applying the same efficiency methods toward his own working hours as he uses in his factories. He has now come to realize that "the office" has lagged behind "plant" improvements. He is enquiring as eagerly into work-saving office devices today as he did into production machinery a few years ago. He is making time-and-motion studies of his own work which will finally allow him to get home to meet his daughter who, he hears, is such a charming girl.

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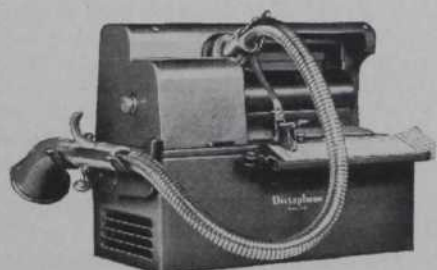


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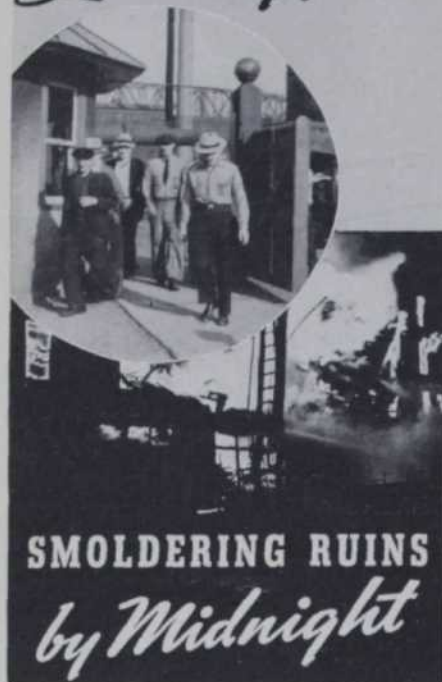
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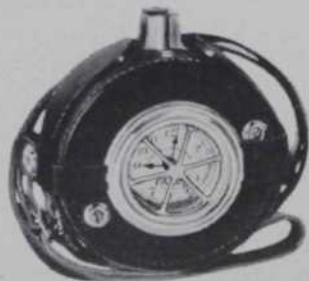
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Economy Begins Back Home

(Continued from page 16)

final \$100,000,000 was provided, the House voted an investigation of the Works Progress Administration, a job subsequently turned over to the same deficiency subcommittee which had been handling the W.P.A.'s requests for money. It now appears that Congress has voted its last blank check for relief. Closer attention by Congress to relief policy may prove to be an important item in the economy movement.

A bloc for economy

THUS the subcommittee which for years supervised the lading out of billions for all sorts of new governmental activities finally decided that the economy issue had to be tackled. The first opportunity came on relief. It was laden with dynamite, but the group stuck to its decision, despite great pressure from the spenders—pressure felt particularly by the Democrats.

Representative Woodrum, a leading figure in this fight, is a lawyer and judge from Roanoke, Va., who has spent more than 16 years in Congress and has risen to No. 3 rank on the appropriations committee. The Democrats backing him are Representatives Louis Ludlow of Indiana, Thomas S. McMillan of South Carolina, Emmett O'Neal of Kentucky, George W. Johnson of West Virginia, and Edward T. Taylor of Colorado. These six are supported in economy moves by the solid Republican membership of four, Representatives John Taber of New York, Richard B. Wigglesworth of Massachusetts, J. William Ditter of Pennsylvania, and William P. Lambertson of Kansas. They comprise a representative group geographically, coming from the East, Midwest, and sections of the Far West and South. Taylor is chairman, but he will be 81 years old this month and he is frank to admit that he looks to Woodrum for the actual management of affairs. Other Democrats on other subgroups of the main committee have also been won over since the last Congress, so that efforts toward saving have been made on other bills beside the relief measure.

Woodrum himself has piloted more than \$5,650,000,000 in relief appropriations through the House. Once, two years ago, he persuaded the subcommittee to cut a \$1,500,000,000 relief request to \$1,000,000,000, but was overruled by the full committee, which restored the total amount. The fact that Congress stood by the committee twice on the relief issue this session is highly significant.

Why, you may wonder, hasn't the subcommittee done more cutting in the past, before the national deficit began to approach dangerously near the statutory debt limit of \$45,000,000,000? This ceiling, incidentally, will be reached at the end of the 1940 fiscal year, and will actually be exceeded if you take into account approximately \$6,000,000,000 of

guaranteed bonds of quasi-public agencies such as the Federal Housing Administration.

There is a reason why this session of Congress is different from others in the past—and in this reason lies the key to governmental economy. This year, as never before under the New Deal, the business men and the average citizens back home have begun to challenge the spending theory. They have begun to express their views on the tax burden now imposed and to worry about the greater burden that threatens as the national debt mounts. Congressmen are learning that not only from the Gallup polls but from the letters they receive.

Representative Woodrum says:

I find that there is a definite feeling among the taxpayers that the emergency has passed, and that we may be emerging upon better times. That being true, the average taxpayer is wondering what is going to happen to him, even if he should be so fortunate as to make a dollar. He gets little encouragement to try to make that dollar if mounting costs of government are going to make it necessary for further tax increases to pay the bill.

Compared to the annual gross budget, the reductions in expenditures so far made have not been particularly impressive. I think it is encouraging, however, that there have been definite evidences of a desire and intention to try to do something about the rapidly growing federal budget. Congress has this session on several occasions resisted terrific pressure on the matter of appropriations. Experience with the relief setup very vividly shows what happens when we neglect to watch carefully the manner in which appropriated funds are spent.

Representative Taber says:

The sentiment for economy that seems to have developed in the House and in some quarters of the Senate is due, in my opinion, to a realization by the people that a continuation of the spending that has been going on for the past six years is going to destroy utterly the American system of government.

The country wants economy

DITTER, a Republican who is frank in giving credit to Woodrum and to Senator Pat Harrison, Mississippi Democrat, for leading the drive in the two chambers, says the changed feeling of Congress "reflects very definitely the attitude of the country as expressed in the 1938 election." He adds:

In a great many districts, the outstanding issue was a reasonable economy in government as opposed to reckless waste of funds. The economy drive is not to impair essential public functions, but to curtail extravagance and pump priming that has brought this country to the debt limit. Its salient feature is the change in front on the part of the Democrats and the sharp division of those who feel that unlimited spending can bring about recovery and those who realize the hazards of such a course.

Chairman Taylor indicates the trou-

bles that beset an appropriations chairman in the midst of an economy drive. He says:

Everybody wants economy. People write in and tell us for God's sake to cut down on the expenses, and to balance the budget, but to "give us more appropriations." They want more relief, more projects, but they want us to balance the budget.

I'm in favor of economy, and I'm cutting expenses wherever I consistently can.

House is closer to elections

ACCUMULATING pressure has made new converts for economy, not only on the appropriations committee, but elsewhere in Congress. The voice of the people back home is being heard first in the House, whose members are closer to political changes since they stand for reelection every two years.

This accounts for the fact that the House so far has made a better economy record than the Senate. When the House appropriations committee, by a one-vote margin, put \$250,000,000 in the agriculture department bill for "parity" payments to farmers, the House knocked it out. The battle lasted for days, longer than on any other appropriation bill, and the economy bloc successfully fought off an effort under which advocates of bigger relief funds sought to join forces with those favoring the additional farm money.

Let's take a look at the record Congress has made this session for economy, but before we do, let's define just what we mean by economy. The President holds that government spending will increase national income to the point where tax revenue will be sufficient to pay expenses. In this sense his position is that spending is a move toward the economy of a balanced budget—assuming it works. But there are other definitions.

You might call it "economy" if you appropriate less than some one says you should spend—less, for instance, than President Roosevelt proposes in the budget.

Or, you might be "economizing" if you spend less than you did last year.

Finally, you have "economy" if you spend no more than you receive. Every business man agrees that this economy is the only true kind, when the budget is in balance. Keeping this in mind, but remembering that cuts in the budget or in last year's appropriations are steps toward the eventual goal, let's look at the record.

In the first five departmental bills for 1940 completed by both houses this session, the President recommended, through the budget, appropriations totaling \$4,111,399,709. The House cut this total to \$4,033,016,723. The Senate increased it slightly to \$4,078,087,903, but still kept it lower than the budget. However, both houses appropriated more than the \$3,733,308,413 spent on the same activities for 1939.

After the House had acted on the first seven regular departmental bills (the Senate having not then acted on two) the record looked slightly better. The House appropriated for the seven a total

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of \$4,880,071,606, cutting not only the budget figure of \$5,053,155,330, but also the 1939 appropriations for the same departments of \$5,100,120,256.

It should be noted in passing that budgets can be pretty meaningless. For instance, the President's total budget for 1939 was \$9,492,329,000. Congress appropriated for 1939 a total of \$11,361,815,653—and then added an \$825,000,000 relief deficiency and \$170,000,000 in other deficiencies this year.

It will not be possible, of course, to gauge the net result of the economy movement until Congress adjourns. Congress may make only the first step and appropriate less than the budget calls for; or it may go a step further and reduce expenditures below those of 1939. In these days of mounting budgets we get in the habit of thinking that government activities and expense must always increase.

It is possible, however, to cut them and Congress has done so on 24 occasions since 1873.

At any rate, these figures make it evi-

dent that the beginning of a potentially important economy movement stems not from the White House or the Budget Bureau, but from Congress, particularly the House. And the urge for economy will accomplish results directly in proportion to the pressure from back home—from the merchant, manufacturer and wage earner who lets his congressman and senator know that he feels his tax bill is bigger than necessary now and he wants to call a halt on spending before it gets bigger.

The spenders are organized to battle any cuts. Lobbyists are always on hand to promote more appropriations. The government agencies are old hands at asking for more money each year. Therefore it behooves each business man and taxpayer to let his congressman and senator know how he feels about spending.

Once Congress is convinced that it is being preyed upon by special interest groups, and that the real mass sentiment of the nation is for economy, the battle will be over.

What Helps Business Helps You

(Continued from page 78)

the dam. Nevertheless, the engineer believed it could be done. But it would cost \$15,000,000. That was a lot of money, and none of his local friends wanted to risk it. Fortunately, however, men from the financial center in New York listened to this man and finally raised the money that he needed.

That was the beginning of the Tennessee Electric Power Company. In 1914 it had 15,000 customers and charged an average rate of approximately ten cents per kilowatt hour. In 1938, it had 124,000 customers and was charging an average rate of 2½ cents an hour. It had one of the lowest rates in the country.

We felt bad, therefore, when we had to sell this company to the Government. It was a good company. It was the kind of efficient, low cost, progressive enterprise of which Americans are proud. But it could not compete with the United States Government's TVA, which does not have to operate at a profit, but which can subsidize its losses with the taxpayers' money.

I tell this story because it is an illustration of government forcing a business to shut down instead of encouraging it to expand. Of course, this has an immediate effect upon business generally. Other business men see this government competition and wonder what is going to happen to their company; perhaps they decide not to build that new plant which they had proposed. The investor witnesses it and wonders what is going to happen to his investment; perhaps he decides that he had better not put any more money into the business. Thus, the conditions needed for successful business, the business man seeking to expand his business and the investor willing to supply the capital, are lacking.

Industry today is afraid of government competition. It is afraid of taxation and destructive regulation by fed-

eral bureaus. It has what the Secretary of the Treasury has defined as a "what's the use?" attitude, holding it back from normal business risks.

Some may think that there is no reason why business should lack confidence now, because various government spokesmen have become friendly to business. The Secretary of Commerce recently made a speech that was encouraging. The Administration announced that—at least for the present—it was not going to press for further regulation of industry nor did it plan much more competition with the utilities.

But the investor and the business manager still hesitate because they want to see these words translated into deeds. The Secretary of Commerce himself defined their predicament in a press conference.

"Life is too short to make speeches," Mr. Hopkins said, "unless you're going to do something about it."

The investor wants to find out what the Government is going to do about it. He asks for tangible evidence of the Government's good will. He would like to see the Administration and its various regulatory commissions do all within their power to encourage the man who is willing to risk his money in new enterprises and not hamper his activities with arbitrary regulations.

He asks for tax laws that will put a premium upon the taking of risk in new enterprises and the revision of the undistributed profits tax which discourages new activities by existing business corporations. Experience shows that nine new enterprises out of ten fail but every new enterprise provides employment. The men who are willing to take such extraordinary chances with their money, especially in these difficult times, should be encouraged in every way because it is upon the courage and the hope of such men that America's

great industrial system has been built. Thoughtful business men likewise know that there can be no major reduction in government spending until private enterprise can expand and take men off the relief rolls and put them on the pay rolls.

The investor asks, finally, for more than a mere statement that the Government is going to curtail its competition with business. He knows, for example, that the Government has forced one utility company to sell its properties. What is it going to do with the others? If the investor is to supply the utilities with the capital which they need—if they in turn are to carry out the necessary expansion of their plants and the employment of several hundred thousand men—then the Government must define in writing the area in which it plans to compete with the utility companies. It must set a line beyond which it will not go in its competition with this private business.

These are some of the concrete actions which Government can take to restore confidence. Such encouragement of industry and investment would mean more jobs, more products, more money. These results, in turn, would demonstrate the truth of the statement that "what helps business helps you."

Business awaits with a full spirit of cooperation the translation of the recent encouraging words into concrete action.

Deeds and words

EVERY CONCEIVABLE activity of mind and body will be under the direction and surveillance of a bureau. Inspectors and spies will leer upon the citizen from every street corner and accompany him hourly in his daily vocation. Taxes will be \$100 *per capita*. Forty per cent of the national income will be demanded for the public expenses. We will have a republic in name but a bureaucracy in fact. . . . The people must be taught that in encouraging the centralization of their affairs in Washington they are digging the grave of the American Government as it was conceived by the Constitution-makers.

Thus did Senator Borah prophesy in 1927, in NATION'S BUSINESS. Sad to relate, his prediction has come to pass.

None can dispute that Washington's immense bureaucracy today has risen largely through the spending power. Why men like Senator Borah who appreciate the gravity of the situation too often join with other intelligent and patriotic colleagues in voting for more spending and greater bureaucracy is beyond our ken. When the present House at last reduced an Administration demand for federal relief money by less than six per cent, the Senator stood adamant for the larger amount. Senator Harrison cries out for reduced spending yet introduces a bill appropriating money to states for schools, a doubtful policy, and one certain of growing into billions. Is there any hope in Gilead?

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Putting the Rainbow on the Pay Roll

(Continued from page 90)

merly, represent less than ten per cent of his total sales. Even such a prosaic thing as bed springs showed a 25 per cent sales jump when painted aluminum instead of black, while a prominent drug store chain has discovered that it can increase sales five per cent in any store by repainting it in tested colors.

Ignorance of color reactions also shows up on the other side of the ledger. A large manufacturer recently lost a \$250,000 South American contract for electric irons because he submitted black handles.

A competitor, knowing the tastes of the people, landed the order purely because he was smart enough to supply red handles.

Color may bring losses

SIMILARLY, a large oil company with a chain of filling stations in China decided to paint them all white, just to be different. They overlooked the fact that white is the mourning color in China, and before they discovered the reason for their sudden drop in sales, the error cost them many thousands of dollars!

They took color for granted, of course. And that is a thing more and more alert merchandisers are ceasing to do. Twenty years ago, for instance, 88 per cent of all bed blankets sold were white; today, 88 per cent are colored. There are thousands of colors, however, and since all of them can't be used, the question is which are the best?

Such questions are most commonly answered by an executive or sales group by arbitrary opinion, and when the season is over they know, perhaps, whether they were right or wrong. The more progressive concerns are learning, however, that color is much too vital a matter to gamble on.

The modern approach is illustrated by the color survey technique of a leading blanket mill.

Through its color consultant, this concern first interviewed the leading paint manufacturers, upholstery, curtain and other house furnishings leaders and determined the range of colors that were to be offered for interiors this season. Samples of 100 of the most favored hues were made in portfolios and distributed to especially trained investigators in cities from coast to coast.

These investigators interviewed 2,500 women (a sufficient number to arrive at a "trend") in their homes, preferably under artificial light.

A half-dozen astute questions were asked regarding the choice and colors of their present blankets; the color cards were shown; and votes were taken on the hues preferred.

In a week the tabulation was completed; the factory made up blanket swatches in the colors receiving the highest number of votes; and in another fortnight they had a re-vote from the 2,500 housewives on the 24 leading colors

from the preliminary test but this time with the colors in the actual fabric.

On this revised information, the four most popular shades were made the leaders in the line while the more important of the others supplemented slow sellers in the previous line.

Far-reaching as it is in sales, however, the importance of color is by no means limited to that field. In safety work, for example, it has accomplished wonders in industrial plants and has a direct application to the highway and even the home.

In the Ford plants, lathes, milling machines and grinders are painted white where cutting action takes place, thus increasing visibility; in other factories, machines are painted in pastel tints with moving parts in strong contrasting colors.

As a case in point, one big shoe manufacturer reduced not only his accidents but his insurance rates and material spoilage by painting all machinery in light tones that contrasted with the dark leathers used.

It is now standard safety practice in progressive plants to have traveling cranes, trucks and other mobile equipment painted in contrast colors; to have specific colors (standardized by the National Safety Council code) for pipes carrying dangerous liquids or chemicals and for levers or controls which start, stop, accelerate or retard vital machinery. All of which minimizes errors.

An aid to visibility

AS AN adjunct to illumination, color is also making strides by increasing visibility. We used to go in strong for colors that wouldn't show dirt. But the fact that \$150,000,000 worth of industrial accidents a year are charged to poor visibility is the real reason why you'll find so many plants now painted in whites, creams, ivory, egg-shell, etc. Such tints reflect from 67 per cent to 84 per cent of the illumination—as contrasted to eight per cent or nine per cent for the best "dirt colors," a factor also reflected in the electric light bill!

We see the same things on the highway. When they began to paint center lines and border lines of white on dark pavements, motorists found it a real help in night driving. Now experiments have shown that yellow is an even better color than white under headlight illumination, and many highway departments have switched.

Indeed, the greatest advance in highway illumination today involves a retreat from the erstwhile effort to obtain a pure white light. The new sodium lamps, deep yellow in hue and not nearly so "brilliant" to the eye, provide such a high degree of contrast that with them you can see a dark-clothed pedestrian 1,000 feet away at night with your own headlights turned off.

The virtues of color in highway safety seem obvious enough, yet we don't al-

ways grasp the lesson. In a Massachusetts city so many serious pedestrian accidents were experienced on a trolley street that a number of safety islands were installed. In the next six months pedestrian accidents had dropped substantially—but more than a dozen motorists had hit the stanchions at night.

The solution, of course, was color. They not only painted the islands a contrasting color but also drew approach lines on the pavement which diverted the traffic flow around the obstacle and practically eliminated the trouble.

Safety with small changes

SIMPLE enough—but how often we overlook the simple things. If, for example, the bottom cellar step in every American home were painted white, we would eliminate countless thousands of sprains, fractures, lacerations and even more serious injuries. But the annual toll from that common home accident goes on because, apparently, the simplest, cheapest solution is too simple!

In the realm of efficiency, color is also being used just as effectively as in sales and safety. In such varying fields as therapy and policing you will find surgeons adding mauve to their operating lights for the keener discrimination that hue affords between the various tissues, blood vessels and organs—and you'll find G-Man Hoover's laboratory experts examining evidence under infra-red, ultra-violet and various colored lights.

The U. S. Bureau of Mines has demonstrated that a red gasoline storage tank loses twice as much of its contents through evaporation as a white tank—the U. S. Bureau of Agriculture recommends green bottles or jars for foods which may be spoiled by the heat rays in light. It isn't accidental that beer comes in brown bottles; that color is chosen because it filters out the ultra-violet rays. However, the heat rays in light are the infra-red, so green is used when it is necessary to check both the ultra-violet and infra-red.

In manufacturing there are many examples of the efficiency value of the proper colors. One radio tube manufacturer, using a circle of gas jets for a certain operation, reduced rejections 60 per cent by painting the machines a light orange in contrast to the green-blues of the flames—a hosiery mill reduced eye strain and errors and sped up production by using blue on the inspection tables—a candy factory solved the problem of keeping corners clean by painting



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them white, which discouraged workers from tossing refuse there.

A Fifth Avenue specialty shop enhanced its dramatic window displays by using colored spot lights to snap up various types of merchandise at night. On many furs and black clothing, for instance, a blue spot light improves the effect; for linens, blue and white are mixed. For a window setting showing costumes being worn outdoors in the summer, a strong white highlight will be modified by a low light of pink or light magenta; for an outdoor scene in the spring or fall they mix steel with mauve or violet.

Window and store lighting is, obviously, a tremendous field for the color engineer. For instance, a leading furrier in New York was burning about 5,000 watts of light in his show windows and getting inadequate illumination. Under the guidance of a color engineer (as distinguished from a lighting engineer) he now gets 400 per cent more illumination, has eliminated window glare, and has increased the wattage only ten per cent. The job was done by supplementing regular incandescents with mercury vapor lamps so that the red, yellow-red rays of the former are now properly balanced by the blue, green and violet rays of the latter.

Even animals react favorably to color impulses—in fact, so do insects! Experiments have proven that chickens lay more eggs in a white hen house than in one painted dark colors. And in a large establishment which raises chickens on a mass production basis, cannibalism among the day-old chicks became a serious problem. The slaughter provoked by the sight of blood when the pin feathers came through was eliminated by using red lights which made it difficult for the chicks to see the blood specks! On the other hand, an Ohio experiment showed that fighting among rabbits living in red-lighted cages was much more common than in white or yellow light.

Insects like colors, too

AS FOR insects, I've seen hornets on the porch of a summer cabin crowd into a blue dish for sugar-water, leaving a yellow one beside it almost untouched although it held the same bait. And down at Morristown, N. J., government entomologists told me that green and white traps catch twice as many Japanese beetles as traps painted all white or all green! In contrast to this, boat owners have found that white hulls collect infinitely fewer barnacles than dark ones, while bright pinks, yellows and greens also show comparatively little fouling.

Reciting cases in this fashion tends to make it all sound very rudimentary, but the fact is that considerable research and experiment have gone into most of these decisions. The U. S. Bureau of Public Roads, for instance, made exhaustive tests before deciding that black letters on a yellow background rated up to 12 per cent better in visibility than any other color combination for road signs. For generations we have accepted black on white (or vice versa) as the ideal combination for readability, yet it is sixth on the list. Indeed, black on yellow is much easier on the eyes.

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At first blush, of course, this seems an extreme departure from the conventional, yet the continued application of color engineering is going to bring us to a lot of just such departures. At present in England, for instance, the Ministry of Transport is experimenting with concrete highways of pink, green, amber and other colors. Experiences on these tinted roads in Sheffield and Buckinghamshire are being tabulated over substantial periods and it is already felt that they reduce glare, provide better contrast for lights and are easier to follow around curves than the conventional type of concrete.

Even aviators have observed that the colors of landing fields seem to effect the plane. Concrete runways matching the color value of adjoining airport surfaces are being seriously advocated to minimize "rough air" in landings, darker colors absorbing the light rays instead of reflecting them upward toward the plane.

Color makes a big difference

OBVIOUSLY, the modern color engineer must be more than aesthetic. He must be an efficiency man and a scientist; a decorator and a psychologist. And the fact that an individual may be any of these does not indicate that he is a color engineer.

Professor Piccard holds an enviable position as a scientist, for example, yet when he made his first stratosphere flight in a region where the temperature remained around 75 degrees below zero, he nearly cooked inside the gondola where the mercury flirted with the 100 degree mark.

This he realized was because the gondola had been painted black all over: the most efficient heat absorber known. So for his next flight he had the gondola painted white—and suffered from the cold all the way because the color reflected so much heat that the interior remained below freezing the entire time. On the strength of these experiences, the U. S. Army Air Corps painted its stratosphere gondola black on the lower half and white on the upper.

This isn't as far-fetched as it may seem. For centuries in the tropics wise people have worn white. You can demonstrate the basic facts by applying Benjamin Franklin's old experiment of placing a square of black cloth and a square of white cloth on the snow next time we have a storm. You will be surprised at how much faster the snow under the black cloth melts; a phenomenon which, I believe, is applied in some eastern seaport where the first cracks in harbor ice are painted black to stimulate further melting.

Truly, color has come of age, yet its real development has barely begun. As we progress we shall see colors being applied scientifically as well as artistically to the betterment of life. And as more people in the factory, the store, the office begin to put the rainbow on the pay roll, we shall see color engineering rise to an acceptance such as is now accorded bridge building, skyscraper construction and the chemical control of thousands of products and processes.



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Life Insurance A Best Seller

AMERICANS are investing more money for life insurance and retirement annuities than ever before.

In 1938 while the national income dropped from \$68,380,000,000 to \$64,180,000,000 the amount invested in new life insurance and renewal annuity premiums was \$750,000,000 as against \$738,822,000 in 1937. Grand total of life insurance premium income rose from \$3,761,745,000 in 1937 to \$3,810,000,000 in 1938.

Total investment of \$3,810,000,000 in life insurance in 1938 was the greatest ever recorded. Percentage of national income invested in life insurance in 1938 was 5.93 compared with 5.50 for 1937.

Ratio of life insurance premiums to national income in 1938 was almost three times the 2.03 mark made in 1919 when \$1,207,134,000 was invested in life insurance and national income totaled \$59,550,000,000.

Figures appear in a compilation made by O. J. Arnold, President of the Northwestern National Life Insurance Company, Minneapolis.

A Club For Job Finding

FORTY-PLUS clubs, now established in several states, work to get rid of mem-

bers by finding jobs for them.

Club idea is traceable to Henry Simler, president of the American Writing Machine Co. Publicly he contended against representations that, after 40, a man's productivity declines. He made it his job to get the facts about executives past 40. What he found convinced him that some concerns were afflicted with 40-phobia, that in many others 40-plus men were in good standing by reason of their mature judgment and other valuable qualities.

Roland R. Darling of Boston was spurred by these conclusions to develop a practical application of the idea—a Forty-Plus Club to demonstrate the productivity of executives past 40 and to get them jobs. Membership, for practical purposes, was held to executives who had been accustomed to earn \$4,000 a year or more. In six months the Boston Club placed 60 men, and up to February its services were sought in filling 151 positions.

A similar club was organized in New York in January, with Paul S. Lewis, an active Sales Executive Club member, as president. Club is turning up

jobs, has an employment and public relations campaign going; sustains morale of members by keeping them busy with work for the club.

Clubs have been organized in Massachusetts, New Hampshire, New York, Ohio, Illinois, Pennsylvania, Minnesota, Wisconsin, Georgia, Connecticut, New Jersey, Virginia, Texas, Florida, Washington, Colorado, Missouri, and also in Toronto, London and in Scotland.

The club idea has the support of veterans' organizations, the American Self Help Association, and several trade and business associations. Some employment agencies are cooperating. The National Association of Manufacturers has urged its employer members to review their employment policies in relation to the 40-plus idea, advises against arbitrary age limits.

For the first time, say the founders, executives in all lines of activity have become an articulate age group. They are organized without regard to industry, religion or political persuasion. Proposed members are investigated and interviewed by executive committees before being voted on by club members. Clubs thoroughly investigate job possibilities. Members are not put in touch with prospective employers unless their qualifications relate closely to requirements.

Bigger Bill For City Employees

MUNICIPAL governments paid their employees more than \$1,000,000,000 in salaries and wages last year, an increase of more than \$30,000,000 over 1937.

Survey of 777 cities over 10,000 population revealed that 518,607 employees received most of this sum at average of \$1,740 a person—a \$50 a person increase over the 1937 average but \$80 a person short of the 1936 figure. School employees were not included.

Increase in employment of about 20,000 persons was reflected in a "definite increase" in number of full-time employees per 1,000 population. Cities covered in the survey employed an average of ten persons per 1,000 population as compared with 9.7 in 1937, 9.3 in 1936 and 8.7 in 1935.

It takes more employees per 1,000 population to provide governmental service in larger than in smaller cities. Cities of between 10,000 and 30,000 population employed 8.6 persons per 1,000 population in 1938, while cities of 500,000 or more population employed 13.4.

Non-resident appointments to munic-

ipal posts increased from 236 for 74 cities in 1937 to 352 for 75 cities in 1938.

Increase in non-resident appointments, as the City Managers' Association views it, is an indication of the extent to which a career service is being established in municipal government.

Per Capita Cost of Protection

NEARLY \$230,000,000 was spent last year for police protection by cities of over 30,000 population, at average cost of \$5.16 per person. Nearly \$200,000,000—or about seven-eighths of the total spent for police protection—was absorbed by 89,907 policemen's salaries. On this basis, 77 cents per person was spent for police costs other than salaries.

Per capita expenditures for police in the 13 cities of more than 500,000 population were, on the average, more than twice as great as in cities from 30,000 to 100,000 population. *Per capita* cost in cities of the latter group was \$3.11 compared to \$7.37 for the larger cities.

In the 500,000 or more population class, average entrance salary of policemen was \$1,913; average maximum salary was \$2,377. In the 100,000 to 200,000 population class, average entrance salary was \$1,693 compared to average maximum of \$1,997.

The 13 chiefs of police in the cities of 500,000 or more population received \$104,040 in 1938, an average of \$8,003 each. New York City paid \$12,500. Police chiefs of three cities—Baltimore, Chicago, and Detroit—received \$10,000 each. Average salary in 26 cities in the 200,000 to 500,000 class was \$4,809; average in the 100,000 to 200,000 group was \$4,024.

Because total expenditures reflect number of police employees and salary levels, the International City Managers' Association sees logic in expectation that the larger cities, which have many more employees *per capita* as well as higher average salaries, will pay a larger *per capita* bill for police protection.

What Business Men Read

EINAR RYGG, editor of the Gulf Companies *Orange Disc*, became curious about the spare time reading done by Gulf's top officers. He said to himself, "The books these men read for self-improvement must have some connection with their success as executives, so why can't I find out what they read and pass along this list of recommended books to Gulf's thousands of employees?"

Upshot was a letter addressed to key Gulf executives in which he asked each man to name the book which he believed contains the greatest wealth of knowledge, the most valuable philosophy, the richest history, or the most useful ideas. Result was a list representing preferred reading of 50 successful business men. Literary tastes so revealed are as individual as their personalities.

Titles were too numerous to be published in the company magazine, were therefore printed in a pamphlet "Books Worth While." Gulf is not confining its pamphlet to its own personnel, but will be glad to mail a copy to any one who addresses a request to *The Orange Disc*, 3800 Gulf Building, Pittsburgh.



Haven't we met... *Locally?*

OUR hats and coats are old friends. They've been together at civic meetings, at Chamber of Commerce, Rotary, or Kiwanis luncheons, at gatherings where affairs of this community have been our common interest.

What interests you, interests us. Local business, community development, home ownership, home building, safety and other local matters are of deep concern to both of us. We are neighbors because we live in this community and because we are both sold on it and both work for it!

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THE ONLY one of its kind, the Laurel, Mississippi Sweetpotato Starch Plant, may become the forerunner of a chain of similar factories that will start a new industry in the "yam" country.

Scientists have known for many years that sweet potatoes were good starch producers, but only recently have they been able to find a process that would eliminate the yellow coloring matter from the finished product.

Since this factory was started, the volume of potatoes used has increased from 25,000 in 1934 to 200,000 bushels this season and the price paid farmers has increased from 20 to 30 cents a bushel. The unit production cost in that same period

has decreased from 13 to three cents a pound of starch.

Contrary to popular belief, the greatest use for root starch or any other starch in the United States is not in laundries, but in industry. Almost the entire output of the Laurel plant goes into industrial uses, one of which is in the manufacture of the adhesive used on the back of postage stamps. Sweet potato starch is used largely as a substitute for starch made from the cassava root, which is imported. The United States import of root starches reached 472,000,000 pounds in 1937, almost 250 times the Laurel plant's production last season.

Scientists have contributed further to

the perfection of this process by developing a dehydration process by which the potatoes can be kept for 12 months with the starch content intact, thus doing away with the necessity for huge storage space and allowing the plant to operate on a year-round basis. A useful by-product is sweet potato meal which is used for livestock feeding.

Some farmers have been able to grow as many as 500 bushels of this particular variety of starch potato to the acre, thus giving them an income of around \$150 per acre, but the average is closer to \$60. Even the latter figure, however, is preferable to that obtained from cotton farming in Mississippi.—ED LIPSCOMB

How College Graduates Fare

HOW DO college graduates fare after college?

From 46,000 college alumni graduated in the period 1928-1935 from 31 institutions throughout the United States come suggestive answers:

College men tend to marry earlier and in larger proportion than college women. Western college graduates marry sooner and in larger proportion than college men from other sections. Largest proportion of children is found in families of western men alumni, smallest proportion in families of eastern women alumnae. Married alumni who have no children are represented by 57 per cent of the men and 61 per cent of the women. Divorce rate is low, compared with country as a whole. Alumni rate over the eight-year period is 19 divorces per 1,000 marriages. More college women than college men are divorced.

Many in large cities

MORE than half of the men and women graduates now live in metropolitan cities of 100,000 population or more. Younger graduates one and two years out of college tend to live with relatives and pay no rent. Typically, a young man just out of college pays from \$19 to \$25 a month for living accommodations. His rentals increase annually by \$1 to \$3 a month until after eight years he is paying \$38 a month. College women find rents for living quarters slightly higher at first, increasing to \$34 a month after eight years.

Engineering and business administration are the most popular undergraduate majors for men. Women graduates majored most largely in education and English. Men tend to find work in line with specialization in college. Women find their work less in line with their major college study.

Sixty-eight per cent of the men and 43 per cent of the women earned from one-fourth to all of their college expenses. One half of both men and women alumni in classes 1928 through 1935 continued later with graduate study.

Personal initiative plus experience prior to graduation account for half of the placements of college graduates in first jobs. Thirty-five per cent of the women and 27 per cent of the men reported choosing their first jobs because the work was the kind they wanted. Thirty per cent of the men and 19 per cent of the women were unable to find the work they wanted.

Fifty-eight per cent of the men

graduates and 61 per cent of the women graduates have never been idle at all since graduation. Graduates of the 1932 class were out of employment for longest periods. Ninety-eight per cent of the men alumni and 99 per cent of the women have never been on relief.

Ninety-six per cent of all the men and 93 per cent of all the women reporting were either permanently or temporarily employed. After the first year out of college about three-quarters of both men and women find gainful employment. About one-sixth of the graduates either continue graduate study for higher degree, or, in the case of women, marry and become homemakers. After eight years most of the men are employed (97.9 per cent), few are studying for advanced degrees (one per cent), and 37 per cent of the women are homemakers.

After graduation, ten per cent of the men start in a business or profession of their own. After eight years 31 per cent are independent of employers. In the West 9.5 per cent of the women one year out of college own their own businesses. Proportion increases until after eight years 19 per cent are established as owners or part owners.

Salary scale of men alumni is higher than that of women alumnae, although older women generally receive more than younger men. Average college man out of school one year receives a salary of \$1,314; graduate out of school two years, \$1,455; three years, \$1,551; four years, \$1,684; five years, \$1,847; six years, \$2,008; seven years, \$2,138 and eight years, \$2,383. Women graduates receive salaries ranging from \$1,092 the first year out of college to \$1,606 the eighth year.

Seventy-seven per cent of the men and 71 per cent of the women report having no investments of any kind.

Nearly two-thirds of the alumni reported themselves in the professional group. Seventeen per cent of the men were teaching, 13 per cent were in engineering, nine per cent in law and six per cent in medicine. Forty-eight per cent of the women alumnae were teaching; 29 per cent reported general occupations, including 16 per cent in domestic work.

Among the best paid occupations for college men immediately after graduation are dentistry, forestry and telephone work which pay typically \$2,000 or more.

Conclusions issue from a study directed by Dr. Walter J. Greenleaf, Office of Education, Department of the Interior.

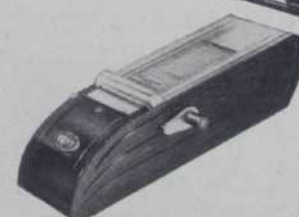
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Business Takes Over the City Hall

(Continued from page 19)

ness men board, Cookingham decided to collect this money.

He was spurred to this decision when he found that the new waterworks plant, built by a previous administration, was a \$3,000,000 job, unpaid for.

Cookingham charged the water bills of indigents to relief appropriations, put all other accounts on a strictly cash basis. Current bills, plus five per cent of overdue accounts, must be paid in 21 days. If they're not, delinquents might just as well start washing their dishes in the river, because their water will be turned off at once. Today Saginaw is collecting \$5,000 a month in delinquent water accounts.

When Cookingham came to town, 42 tenders were paid year-round salaries to raise and lower the draws on the seven bridges over the river. In summer, they lifted their bridges an average of twice a week, in winter, when ice choked the channel, not at all. Only the salaries kept on.

This didn't look like good business to Cookingham. So he got rid of all bridge tenders during the closed navigation season, kept only one tender on each bridge, instead of two, during open season, hooked them by telephone to police headquarters, and now policemen, despatched by radio, help man the bridge levers when a ship goes through.

No matter what some politicians think, the men and women who pay the bills like the idea. They like the new system in the fire department, too. Saginaw firemen work in two shifts. If a second-alarm sounds, the off-duty platoon of 30 men is called back into service. In the old days two trucks with drivers stood ready at headquarters to rush out and pick them up in these emergencies.

But Saginaw averages only two second alarms a year. The fire department is, and always has been, undermanned. How, Cookingham asked, could it afford to pay four men to wait six months for each alarm? He returned them to

their companies, arranged with three taxicab services to do their jobs. Now when a second alarm bangs in, taxies pick up the off-duty platoon at an average cost of \$7.50 a fire.

Taxpayers approve of that, too.

When business moved into the city hall surrounding townships and villages owed Saginaw \$8,000 for fire department service beyond the city limits. They refused to pay. After the department stayed at home from two serious country fires, rural politicians rushed into town with money in their hands and begged for protection. They got it, on a cash-and-carry basis. Saginaw now protects a wide countryside. Farmers get better protection more cheaply than they could supply their own, the city makes a small profit on each country run.

Saving office rent

WHEN the business men took over the city management, Saginaw had no municipal building. Its old one had burned several months before, and taxpayers were paying \$500 a month—the amount of the manager's salary—for space in downtown office buildings.

Cookingham, on his second day in town, discovered a vast dusty attic over the waterworks. It was not a perfect office, but it would do in an emergency, and \$500 was \$500, even in taxpayers' money. He moved city departments into the attic, and there they remained until the new city building was completed.

Like the administration itself, the city hall is streamlined. Half as big as the old one, it has 26 per cent more office space. Partitions between offices are of glass; the secret back room, dear to the heart of many an old-time politician, has been omitted. John and Mary Taxpayer have only to step inside to see what their employees are doing.

Construction of the building typified the business methods which prevail in Saginaw. Street car lines were being dismantled to make way for buses at the



They wrote a city charter in 7,000 words that covered every point so clearly that every one could understand

moment. That meant that thousands of tons of large flat slabs of stone, which had been laid as paving between the car tracks, had to be disposed of. How? Saginaw used the material to build the retaining walls around the city hall.

In keeping with the times, Saginaw employs a "receptionist." Her desk, just inside the front door of the city hall, is marked "Division of Information," and a telephone stands at her elbow. Citizens need only ask, to have their questions answered.

What do they ask? How to get rid of squirrels in attics, where to dispose of a dead horse, on whom to call to have water pumped out of basements, who is a good chimney sweep, how long may they park on certain streets, what are current provision prices on the municipal market? The girl at the desk, with files at her finger-tips, replies promptly. The Saginaw householder is not shunted from police department, to department of streets and alleys, to health office, and back again.

Taxpayers like this service, just as any stockholder in a corporation would like it.

Not long ago, drivers of city cars bought gasoline in the open market—as they do in many towns—and the city paid the bill at current retail rates. They drove their cars home in the evening. If they wanted to pay for their own gasoline for a Sunday drive to the country, what of it?

Cookingham saw that cars were wearing out fast. He ordered them into the municipal garage, where mileage is checked accurately, and gasoline is doled out from a municipal tank. Instead of paying 12 to 20 cents a gallon, Saginaw today pays seven cents.

By making competitors actually compete, the city is saving 50 per cent on fire hose, five per cent on cars and trucks, and an average of 14.9 per cent on all city purchases.

City cost is low

AND what about taxes? Under Michigan's 15-mill law, taxes in all cities were forced down several years ago. But Saginaw, today paying only 57 per cent of its 1930 figure, the lowest rate in 30 years, could raise this amount slightly if it wished. It prefers to get along as it is.

Its citizens are satisfied, as they should be, for their *per capita* cost of city government is \$17.15, as against an average of \$45.83 for the 93 cities in the same population class.

They are satisfied, too, with their traffic record. While the city saves money, it is saving life as well. Using hard-headed business methods, it approached its traffic problem from an engineering angle. By eliminating highway hazards and by establishing a rigid enforcement policy, it has reduced fatalities from 23 in 1937 to five in 1938 and won first place in the nation for cities of its population group in the National Safety Council's traffic safety contest in 1938.

It accomplished this without passing any new laws. Saginaw, in fact, has simplified its laws, just as it did its charter. In the past two years, the business men on its council, working on their own

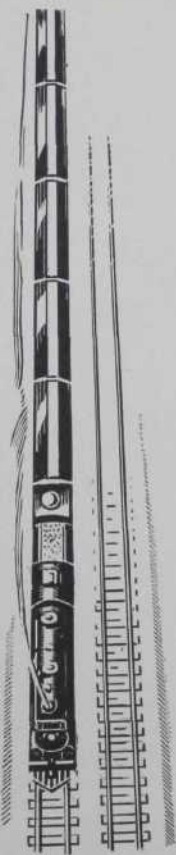


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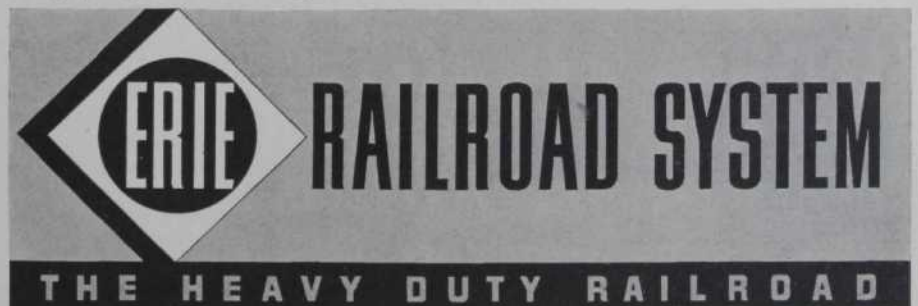
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time, and without high-priced legal assistance, have rewritten the city code of ordinances, reducing it from several hundred pages of hard, confused reading, to 29 pages which any schoolboy could understand.

In these ways and a thousand others business men are bringing business methods to the management of a typical American city. They are giving better service to the taxpayers for less money.

They are doing it as a simple civic

duty. They are not super-men. The Saginaw council includes a retired factory owner, a lumber dealer, a dentist, a grocer, an accountant who works as a singing teacher on the side, a manufacturer, a foundry craftsman, a wholesale grocer, an automobile dealer. In April of this year the city overwhelmingly reelected them.

Any chamber of commerce or any Main Street in the land can do the same kind of job.

Public Spender Number 1; the Bride

(Continued from page 18)

ion which not only brought smiles to the bride's face but a special note in the next day's fashion news!

It's a career which is drawing more and more girls, because it is new and its rewards are great, both in interest and in financial gain. More than half of the 150 girls who attended a meeting at Radcliffe, addressed by a bridal secretary, wrote to the store later, not for information about bridal costumes, but about the possibilities of training to become bridal secretaries.

The weekly broadcasts devoted to bride shop news by Macy's Department Store were reported to bring more inquiries from young women who want to enter the profession of bridal secretary than about the goods advertised.

Here's how Mrs. Alexandra S. Potts, head of the *Bride's Magazine* Merchandising Service, defines the ideal employees of a well equipped bride's shop:

They should be girls and women of personality, refinement of background and practicability. They should inspire confidence and respect in every customer. Their earning power should be standardized to keep up a good appearance and to stimulate effort. A good bridal secretary has to give much of her free time to attending wedding rehearsals, weddings, and endless details which perfect her in her specialized job and build up good will.

Getting customers for life

EVERY enterprising merchant realizes that the best customers any store can have are the bridal customers, not only because they are ready to spend so much money at the beginning of their married life, but because, satisfactorily served, they become customers for life. At the least, they will become patrons of the store they remember was equipped to meet their needs at the most bewildering and, in many ways, the most complex period they are ever likely to know.

Lord & Taylor's in New York demonstrates how a store can develop its brides' business from a telephone and a desk to a department serving 1,000 weddings a year. Carson, Pirie Scott in Chicago runs a close second, employing store-wide Brides' Services and annual Brides' Weeks. Neiman-Marcus of Dallas has a large department for brides.

These stores, and others which recognize the value of serving this ready-made trade, spare no expense to keep the young women employed as bridal secre-

taries abreast of the latest fashion trends; they often subscribe to services which supply the merchandising manager with hints as to what the engaged girl wants. Lectures are arranged at which out-of-town experts talk to prospective brides about their wardrobes and their new homes; brides' shopping news is broadcast over the store radio; booklets and guides are supplied by wholesalers and retailers to brides-to-be free, or at cost, on everything from "Good Wines for the Great Moments" to "How to Pack a Suit Without a Wrinkle."

Actual experience in the past few years has proved in dollars and cents that the up-to-date merchant can cash in on more than sales of wedding dresses if he is alert.

In eight and one-half months one store obtained from newspaper engagement announcements the names of 2,229 brides in its community. At the end of that period, this store had sold 1,000 wedding dresses at an average of \$29.75 each, a volume on this one item alone of \$29,750.

Taking this price range as a basis, an estimate was then made of the potential purchases of 1,000 brides if the same store, by enterprising promotion, had obtained all the business created by these weddings:

1,000 bridal dresses at \$29.75 each, \$29,750.

1,000 bridal veils, average price, \$10 each, \$10,000.

1,000 bridal parties (3 in a group) 3,000 dresses, average, \$16.75 each, \$50,250.

3,000 hats for attendants, average, \$3.95, \$11,850.

3,000 pairs of shoes for attendants }
1,000 pairs of wedding shoes for bride }
average, \$3.95, \$15,800.

1,000 mothers' outfits, average, \$30 each, \$30,000.

The total, even at these modest prices, amounted to \$147,650.

But that, as any bride will tell you, is by no means all the items in a trousseau. There are "accessories." These include shoes, of which most brides buy five pairs; gloves, of which she surely will want three pairs; bags, in equal number; hose, a round dozen—and certainly, every woman would have four hats!

Taking our \$29.75 wedding dress as our price base, these accessories for our 1,000 brides amounted to another \$63,000. Then there are the street and sports dresses; the dinner and evening clothes, the coats, lingerie, negligees, all things which make up practically every bride's

outfit. Even at the comparatively low sums allotted for these items, they can be budgeted at another \$303,500 for our 1,000 brides.

So our one store, if it had netted all the business which its sale of 1,000 wedding dresses rightfully entitled it to expect, would have had \$722,900 in brides' business for only eight months. And remember that the average bride, in addition, spends at least \$500 for furniture and kitchen equipment.

Up-to-the-minute stores know exactly how many girls are going to say "I do" in their communities in any given month. It is simply a matter of national statistics, and a method of determining the bridal market by retail trading zones.

According to the United States Census of 1930 there were slightly more than ten weddings in every 1,000 of our population in the past 20 years. The percentage of marriages in each month can be determined through the study made annually in 50 of the largest cities of the country by the *Jeweler's Circular-Keystone*.

Weddings start much business

THUS, in a city like Providence, R. I., where the population was listed as 833,339, the total number of marriages to be expected in a given year is one per cent of that number, or 8,333. The complete table, by months, shows:

| | | |
|-----------------------|-------|-----------|
| January, 6.6%..... | 550 | marriages |
| February, 5.6%..... | 467 | " |
| March, 6.9%..... | 575 | " |
| April, 7.7%..... | 642 | " |
| May, 10.3%..... | 858 | " |
| June, 14.1%..... | 1,175 | " |
| July, 7.9%..... | 658 | " |
| August, 9.6%..... | 800 | " |
| September, 8.8%..... | 733 | " |
| October, 8.4%..... | 700 | " |
| November, 7.4%..... | 617 | " |
| December, 6.7%..... | 558 | " |
| 12 months (100%)..... | 8,333 | " |

Even at the low figure of \$250 for each bride, we have the not inconsiderable sum of \$2,083,250 which Providence merchants can reasonably expect as their share of the nation's brides' business on the basis of the year analyzed.

Merchants have not been slow to realize that their bridal customers in this age are trained to expect the best of everything in service and merchandise.

Possession of wealth is no longer enough to make a customer. In addition, there must be a compelling reason for spending. One reason that no depression has ever been able to stop is a wedding in the family. A store attempting to serve the bride, however, must do it wholeheartedly and completely, not only from an individual department's point of view, but from the viewpoint of the institution as a whole. There is an opportunity throughout the store to reach this young woman when she is forming the buying habits of a lifetime, deciding on brands, learning how to cook, learning how to shop for her new family.

The merchant who prepares the bride to meet the demands of setting up a new home, who gives her service and quality at a time when her purchasing tastes are being developed, will probably see her for years to come buying from his stocks. In more ways than one, this month's bride is America's Golden Girl.

Bank references?

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- Fidelity-Philadelphia Trust Company, Philadelphia, Pennsylvania
- First-Citizens Bank & Trust Company, SMITHFIELD, NORTH CAROLINA
- SEARS—COMMUNITY STATE BANK, Homan Ave. at Arthington St., Chicago, Illinois
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